

NAFA STOCK FUND

NAFA STOCK FUND HALF YEARLY REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (UN-AUDITED)

NAFA STOCK FUND

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NAFA STOCK FUND

DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFAS Stock Fund for the half year ended December 31, 2009.

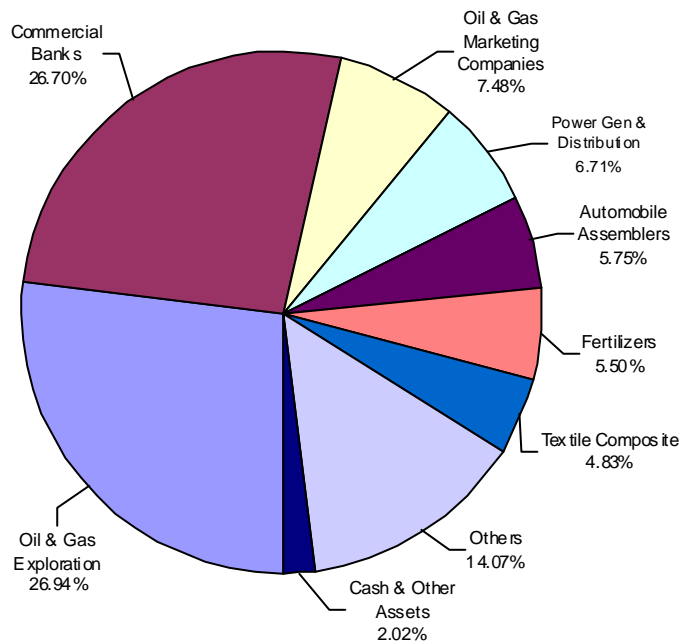
Fund's Performance

The size of NAFAS Stock Fund has decreased from Rs. 1,331 million to Rs. 1,327 million during the period, i.e. a decline of 0.30%. During the said period, the unit price of NAFAS Stock Fund has increased from Rs. 6.0685 on June 30, 2009 to Rs. 7.2080 on December 31, 2009, thus showing a growth of 18.78%, as compared to its Benchmark (KSE-30 Index) return of 30.10%, for the same period. Since inception (January 22, 2007), the unit price of the Fund has shown a decline of 10.30% as compared to 26.45% decrease in its benchmark. Thus, the Fund has outperformed its Benchmark by 16.15% since inception.

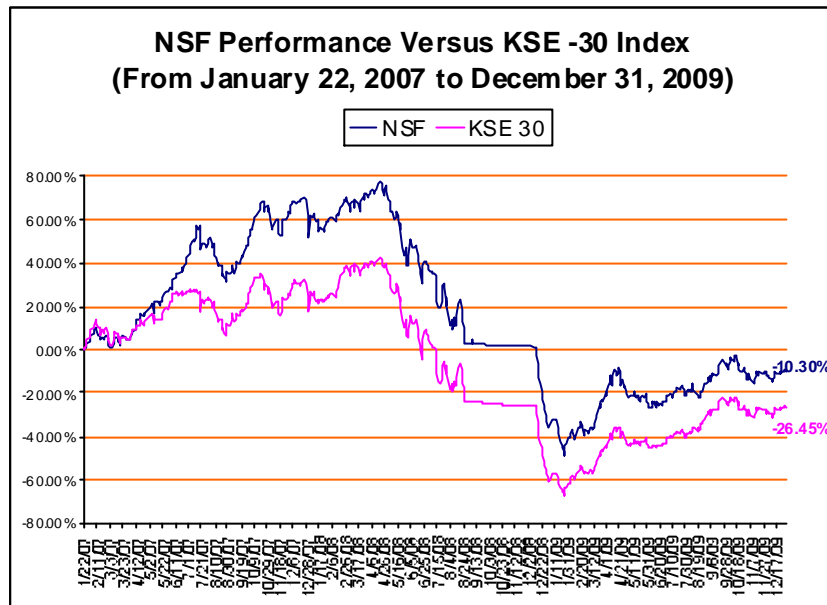
NAFAS Stock Fund has earned total income of Rs. 244.12 million during the period. After deducting expenses of Rs. 34.27 million, the net income is Rs. 209.85 million, translating into an earning per unit of Rs. 1.1395.

The asset allocation of the Fund as on December 31, 2009, and its performance against the KSE-30 Index are as follows:

Asset Allocation as on December 31, 2009



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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 commitments shown by the staff and the Trustee.

On behalf of the Board of
National Fullerton Asset Management Limited

Chief Executive

Chairman

Date: February 17, 2010
Place: Karachi.

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TRUSTEEREPOR TTOTHEUNITHOLDERS

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

NAFA Stock Fund (the Fund), an open-ends scheme was established under a trust deed dated December 06, 2006, executed between National Fullerton Asset Management Limited, as the management company and Central Depository Company of Pakistan Limited, as the trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2009 to December 31, 2009 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 24, 2010

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Stock Fund** as at December 31, 2009, 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' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2009. The Management Company (National Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement for the quarters ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Ferguson & Co.
Chartered Accountants.

Date: February 24, 2010

Karachi

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2009

	Note	Unaudited December 31, 2009	Audited June 30, 2009
-----Rupees in '000-----			
Assets			
Balances with banks		22,913	15,971
Receivable against sale of investments		-	24,624
Investments	4	1,300,561	1,297,090
Dividend and profit receivable	5	3,608	6,171
Deposits, prepayments and other receivables		7,633	7,251
Preliminary expenses and floatation costs		1,025	1,278
Total assets		1,335,740	1,352,385
Liabilities			
Payable to National Fullerton Asset Management Limited - Management Company		4,092	4,355
Payable to Central Depository Company of Pakistan Limited - Trustee		196	190
Payable to Securities and Exchange Commission of Pakistan		652	1,415
Payable against purchase of investments		512	13,960
Payable on redemption of units		2,440	510
Accrued expenses and other liabilities	6	506	644
Total liabilities		8,398	21,074
Net assets		1,327,342	1,331,311
Unit holders' funds (As per Statement attached)		1,327,342	1,331,311
Contingencies and commitments	7		
Number of units in issue		184,147,841	219,381,541
Net asset value per unit		7.2080	6.0685

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Chief Executive

Chairman

NAFA STOCK FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

	Note	Half year ended		Quarter ended	
		December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
-----Rupees in '000-----					
Income					
Gain/(Loss) on sale of investments-net		209,635	(120,562)	72,043	(3,600)
Income from Continuous Funding System (CFS) transactions		-	925	-	-
Profit on bank deposits		2,722	7,678	1,877	1,579
Dividend Income		20,197	35,387	13,061	25,533
Net unrealised appreciation/(diminution) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		36,941	(1,079,696)	(108,486)	(582,754)
Total income		269,495	(1,156,268)	(21,505)	(559,242)
Expenses					
Remuneration of National Fullerton Asset Management Limited- Management Company		20,594	25,416	10,193	11,066
Remuneration of Central Depository Company of Pakistan Limited-Trustee		1,191	1,351	592	621
Annual fee- Securities and Exchange Commission of Pakistan		652	840	323	362
Annual listing fee		15	15	8	7
Brokerage and other transaction costs		10,113	1,709	3,565	54
Settlement charges and bank charges		726	80	409	(636)
Auditors' remuneration		215	239	108	138
Fundraising fee		26	50	26	25
Amortisation of preliminary expenses and floatation costs		253	253	127	128
Legal and professional charges		40	-	40	-
Printing charges		445	1,105	445	766
Total expenses		34,270	31,058	15,836	12,531
Net income/(loss) from operating activities		235,225	(1,187,326)	(37,341)	(571,773)
Element of income/(loss) and capital gains/(losses) included in the prices of units issued less those in units redeemed		(25,379)	72,702	(10,946)	5,462
Net income/(loss) for the period		209,846	(1,114,624)	(48,287)	(566,311)
Taxation	8	-	-	-	-
Net income/(loss) for the period after taxation		209,846	(1,114,624)	(48,287)	(566,311)
Earnings/(loss) per unit	9				

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

	Half year ended		Quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	-----Rupees in '000-----			
Net income/(loss) for the period after taxation	209,846	(1,114,624)	(48,287)	(566,311)
Other comprehensive income				
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed	138,521	(49,883)	32,686	(2,261)
Total comprehensive income/(loss) for the period	<u>348,367</u>	<u>(1,164,507)</u>	<u>(15,601)</u>	<u>(568,572)</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Chief Executive

Chairman

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CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

	Half year ended		Quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
-----Rupees in '000-----				
(Accumulated loss)/undistributed income brought forward	(922,964)	273,082	(558,996)	(390,458)
Net income/(loss) for the period after taxation	209,846	(1,114,624)	(48,287)	(566,311)
Final distribution for the year ended June 30, 2009: Nil (2008: 3.022%)				
- Bonus units	-	(55,991)	-	-
- Cash Distribution	-	(11,614)	-	-
Other comprehensive income				
Element of income/(loss) and capital gains/(losses) included in prices of units sold less those in units redeemed	138,521	(49,883)	32,686	(2,261)
Accumulated loss carried forward	<u>(574,597)</u>	<u>(959,030)</u>	<u>(574,597)</u>	<u>(959,030)</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

	Half year ended		Quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
-----Rupees in '000-----				
Net assets at the beginning of the period	1,331,311	2,565,736	1,426,082	1,548,222
Issue of 49,926,592 units (2008: 27,542,256 units including 5,015,757 bonus units) for the six months	359,035	222,265	201,926	2,456
Redemption of 85,160,292 units (2008: 65,451,069 units) for the six months	(598,229) (239,194)	(628,694) (406,429)	(263,325) (61,399)	(18,538) (16,082)
Final distribution for the year ended June 30, 2009: Nil (2008: 3.022%)	-	55,991	-	-
Net element of (income)/loss and capital (gains)/losses included in prices of units issued less those units redeemed				
- amount representing accrued (income)/loss and capital (gains)/losses - transferred to income statement	25,379	(72,702)	10,946	(5,462)
- amount representing (income)/loss and capital (gains)/losses - transferred to statement of comprehensive income	(138,521) (113,142)	49,883 (22,819)	(32,686) (21,740)	2,261 (3,201)
Net unrealised appreciation/(diminution) on re-measurement on investments classified as financial assets at fair value through profit or loss	36,941	(1,079,696)	(108,486)	(582,754)
Other operating income/(loss)	172,905	(34,928)	60,199	16,443
Net income/(loss) for the period	209,846	(1,114,624)	(48,287)	(566,311)
Distribution				
Final distribution for the year ended June 30, 2009: Nil (2008: 3.022%)	-	(55,991)	-	-
- Bonus units	-	(55,991)	-	-
- Cash distribution	-	(11,614)	-	-
Other comprehensive income				
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those units redeemed	138,521	(49,883)	32,686	(2,261)
Net assets at the end of the period	<u>1,327,342</u>	<u>960,367</u>	<u>1,327,342</u>	<u>960,367</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman

NAFA STOCK FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

	Half year ended		Quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
-----Rupees in '000-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income/(loss) for the period before taxation	209,846	(1,114,624)	(48,287)	(566,311)
Adjustments				
Net unrealised (appreciation)/diminution on re-measurement of investments classified as financial assets at fair value through profit/loss	(36,941)	1,079,696	108,486	582,754
Amortisation of preliminary expenses and floatation costs	253	253	127	128
(Gain)/loss on sale of investments	(209,635)	120,562	(72,043)	3,600
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those units redeemed	25,379	(72,702)	10,946	(5,462)
	(11,098)	13,185	(771)	14,709
(Increase)/decrease in assets				
Receivable from sale of investments	24,624	98,049	49,095	49,461
Investments-net	243,105	(191,100)	54,697	(30,995)
Dividend and profit receivable	2,563	9,206	7,476	3,651
Deposits, prepayments and other receivables	(382)	(89)	(3,270)	(114)
	269,910	(83,934)	107,998	22,003
Increase/(decrease) in liabilities				
Payable to National Fullerton Asset Management Limited- Management Company	(263)	(20,936)	369	(5,557)
Payable to Central Depository Company of Pakistan Limited-Trustee	6	(99)	2	(19)
Payable to Securities and Exchange Commission of Pakistan	(763)	(1,249)	323	(1,728)
Payable against purchase of investments	(13,448)	2,063	(99,630)	(4,264)
Payable against redemption of units	1,930	(19,570)	1,347	(2,174)
Accrued expenses and other liabilities	(138)	289	109	234
	(12,676)	(39,502)	(97,480)	(13,508)
Net cash inflow from/(outflow) operating activities	246,136	(110,251)	9,747	23,204
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from issue of units	359,035	222,265	201,926	2,456
Net payments on redemption of units	(598,229)	(628,694)	(263,325)	(18,538)
Distribution paid	-	(11,614)	-	-
Net cash outflow from financing activities	(239,194)	(418,043)	(61,399)	(16,082)
Net increase/(decrease) in cash and cash equivalents during the period	6,942	(528,294)	(51,652)	7,122
Cash and cash equivalents at the beginning of the period	15,971	621,436	74,565	86,020
Cash and cash equivalents at the end of the period	<u>22,913</u>	<u>93,142</u>	<u>22,913</u>	<u>93,142</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman

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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Stock Fund (NSF) was established under a Trust Deed executed between National Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on December 6, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 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 SECP. The registered office of the Management Company is situated at 9th Floor, Adamjee House, I.I. Chundrigar Road, Karachi.

NSF 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 provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2- to the Management Company. Based on the performance of the Fund for the period ended June 30, 2009, it has assigned short term performance ranking of "Two Star" to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

2.3 The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2009 except for the changes mentioned below:

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two

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statements (The income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position (referred to as the statement of assets and liabilities in these condensed interim financial statements) as at the beginning of the comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period.

The Fund has applied IAS1 (revised) from July 1, 2009, and has elected to present two separate performance statements. As a result, non-owner changes in equity which were previously credited directly in the statement of movement in unitholders' fund and the distribution statement, are now shown as other comprehensive income in the performance statement (referred to as the statement of comprehensive income in these condensed interim financial statements). The change in presentation has not affected the values of the net assets of the Fund for either the current or any of the prior periods and hence restated statement of assets and liabilities has not been presented.

3.2 The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2009:

IAS39 (amendment), 'Financial Instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with the evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's financial statements.

IFRS7 (amendment) 'Financial Instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Fund's financial position or performance.

IAS32 (amendment), 'Financial Instruments: Presentation', and IAS1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. One of the particular features is that apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity. In this connection, Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 mandates the payment of 90% of the Fund's profits for the year as dividends, therefore the amendment has not changed the classification of units.

3.3 There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2009 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

	Unaudited December 31, 2009	Audited June 30, 2009
	-----Rupees in '000-----	
4 INVESTMENTS		
Financial assets at fair value through profit or loss - held for trading		
Equity securities - listed	1,300,561	1,297,090
	<u>1,300,561</u>	<u>1,297,090</u>

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4.1 Equity securities-listed

Name of the investee company	Number of shares					Market Value	Investment as a		
	As at July 1, 2009	Purchases during the period	Bonus/ Right Issue	Sales during the period	As at December 31, 2009		Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company

(Rupees in '000)

Unless stated otherwise, the holding are in ordinary shares of Rs. 10 each.

Investment Banks/Companies									
Arif Habib Securities Limited	1,124,000	4,126,000	-	4,590,000	660,000	32,518	2.45	2.50	0.87
Jahangir Siddiqui Company Limited	450,000	4,317,000	-	4,767,000	-	-	0.00	0.00	0.00
Commercial Banks									
Allied Bank Limited	-	789,690	-	679,000	110,690	6,501	0.49	0.50	0.09
Askari Bank Limited	-	480,000	-	480,000	-	-	0.00	0.00	0.00
Bank Al-Falah Limited	-	12,436,000	-	11,054,000	1,382,000	19,030	1.43	1.46	0.14
Bank Al-Habib Limited	-	1,134,500	-	527,500	607,000	19,885	1.50	1.53	0.33
Bank Islami Pakistan Limited	-	1,900,000	-	1,900,000	-	-	0.00	0.00	0.00
Habib Bank Limited	-	463,000	-	463,000	-	-	0.00	0.00	0.00
MCB Bank Limited	869,260	2,078,639	-	2,158,500	789,399	173,415	13.06	13.33	2.51
Meezan Bank Limited	-	90,500	-	-	90,500	1,424	0.11	0.11	0.02
National Bank of Pakistan	584,230	4,425,165	-	3,964,230	1,045,165	77,729	5.86	5.98	0.72
United Bank Limited	1,436,990	5,080,252	-	5,552,200	965,042	56,407	4.25	4.34	0.51
Insurance									
Adamjee Insurance Company Limited	279,500	901,000	-	994,500	186,000	22,934	1.73	1.76	2.04
EFU General Insurance Company Limited	-	205,110	-	205,110	-	-	0.00	0.00	0.00
Pakistan Reinsurance Company Limited	-	115,000	-	115,000	-	-	0.00	0.00	0.00
Textile Composite									
Azgard Nine Limited (Non-voting)	806,400	-	-	-	806,400	20,394	1.54	1.57	42.36
Azgard Nine Limited	957,000	1,330,000	-	1,881,000	406,000	8,441	0.64	0.65	0.19
Nishat Mills Limited	-	970,000	-	465,000	505,000	35,300	2.66	2.71	1.46
Sugar & Allied Industries									
Shakarganj Mills Limited	-	6,500	-	6,500	-	-	0.00	0.00	0.00
Jute									
Thal Limited	-	273,564	35,302	-	308,866	26,213	1.97	2.02	10.25
Cement									
Attock Cement Pakistan Limited	-	120,718	-	-	120,718	6,277	0.47	0.48	0.72
D. G Khan Cement Company Limited	1,620,000	2,206,000	-	3,418,000	408,000	13,284	1.00	1.02	0.44
Fauji Cement Company Limited	-	1,583,000	-	1,583,000	-	-	0.00	0.00	0.00
Kohat Cement Company Limited	-	2,445,000	-	2,445,000	-	-	0.00	0.00	0.00
Lucky Cement Limited	974,000	2,236,100	-	3,021,877	188,223	12,468	0.94	0.96	0.39
Maple Leaf Cement Company Limited	-	6,805,101	-	6,805,101	-	-	0.00	0.00	0.00
Refinery									
Attock Refinery Limited	133,000	449,900	-	582,900	-	-	0.00	0.00	0.00
National Refinery Limited	32,000	188,000	-	220,000	-	-	0.00	0.00	0.00
Pakistan Refinery Limited	42,300	439,977	-	482,277	-	-	0.00	0.00	0.00
Power Generation and Distribution									
Hub Power Company Limited	2,912,500	6,508,000	-	6,556,500	2,864,000	89,013	6.71	6.85	0.77
Koi Addu Power Company Limited	-	271,500	-	271,500	-	-	0.00	0.00	0.00
Karachi Electric Supply Corporation Limited	-	500,000	-	500,000	-	-	0.00	0.00	0.00
Oil & Gas marketing companies									
Attock Petroleum Limited	-	187,250	-	50,000	137,250	47,711	3.59	3.67	8.28
Pakistan State Oil Company Limited	511,600	533,501	-	871,500	173,601	51,636	3.89	3.97	3.01
Shell Pakistan Limited	-	51,000	-	51,000	-	-	0.00	0.00	0.00
Oil & Gas exploration companies									
Mari Gas Company Limited	-	67,000	-	67,000	-	-	0.00	0.00	0.00
Oil & Gas Development Company Limited	2,398,198	1,730,985	-	3,154,100	975,083	107,854	8.13	8.29	0.25
Pakistan Oilfields Limited	342,780	1,622,600	-	1,449,680	515,700	119,008	8.97	9.15	5.03
Pakistan Petroleum Limited	659,730	1,259,000	114,306	1,343,200	689,836	130,786	9.85	10.06	1.31
Automobile Assemblers									
Indus Motor Company Limited	140,500	237,780	-	168,322	209,958	41,261	3.11	3.17	5.25
Pak Suzuki Motor Company Limited	-	561,281	-	166,505	394,776	35,119	2.65	2.70	4.27
Balance carried forward						1,154,608			

NAFA STOCK FUND

Name of the investee company	Number of shares					Market Value	Investment as a		
	As at July 1, 2009	Purchases during the period	Bonus/ Right Issue	Sales during the period	As at December 31, 2009		Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company

(Rupees in '000)

Unless stated otherwise, the holding are in ordinary shares of Rs.10 each.

Balance brought forward						1,154,608			
Technology & Communications									
Eye Television Network Limited	908,509	-	-	50,000	858,509	24,991	1.88	1.92	5.00
Pakistan Telecommunication Company Limited	-	4,178,000	-	2,516,000	1,662,000	29,335	2.21	2.26	0.08
Netso Technologies Limited	-	2,992,400	-	2,992,400	-	-	0.00	0.00	0.00
Worldcall Telecom Limited	-	1,900,000	-	1,900,000	-	-	0.00	0.00	0.00
Fertilizers									
Engro Chemicals Pakistan Limited	843,636	505,500	-	951,000	398,136	72,967	5.50	5.61	2.45
Fauji Fertilizer Company Limited	263,670	540,000	-	803,670	-	-	0.00	0.00	0.00
Fauji Fertilizer Bin Qasim Limited	1,584,500	3,773,000	-	5,357,500	-	-	0.00	0.00	0.00
Chemicals									
ICI Chemicals Pakistan Limited	-	38,000	-	38,000	-	-	0.00	0.00	0.00
Paper & Board									
Package Limited	218,700	299,000	-	517,700	-	-	0.00	0.00	0.00
Miscellaneous									
Pace (Pakistan) Limited	4,407,500	3,125,000	-	7,532,500	-	-	0.00	0.00	0.00
TriPack Films Limited	-	215,850	-	34,687	181,163	18,660	1.41	1.43	6.22
Total December 31, 2009						<u>1,300,561</u>			
Carrying value before fair value adjustments as at December 31, 2009						<u>1,263,620</u>			

The face value of shares held of Thal Limited is Rs.5

The above investments include shares with market value aggregating to Rs177.935 million that 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.

	Unaudited December 31, 2009	Audited June 30, 2009
	-----Rupees in '000-----	
5 DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable on equity shares	3,139	5,857
Profit receivable on savings and term deposits	469	314
	<u>3,608</u>	<u>6,171</u>
6 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable	205	240
Settlement charges payable	79	69
Others	222	335
	<u>506</u>	<u>644</u>

NAFA STOCK FUND

7 CONTINGENCIES AND COMMITMENTS

- 7.1** The Finance Act 2008 introduced an amendment to the Workers Welfare Fund Ordinance, 1971 (WWF Ordinance) whereby the definition of "Industrial Establishment" was amended to include therein any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it can be construed that all Collective Investment Schemes (CIS) whose income exceeds Rs0.5 million in a tax year are brought within the purview and scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In case of the Fund, such contribution works out to Rs4.197 million approximately as at December 31, 2009. However, the final contribution amount will be based on the income earned by the Fund for the year ending June 30, 2010.

To avoid any claim in this regard by the relevant authorities, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the High Court of Sindh praying it to declare that CIS are not liable to pay contribution to the WWF on the ground that CIS do not have any workers or employees. The legal proceedings in respect of the aforementioned petition are recurrently in progress and the outcome cannot be reasonably ascertained.

The Management Company, based on the advice of the MUFAP's legal counsel is confident of favorable decision and accordingly no provision for any liability that may arise in this respect has been made in these condensed interim financial statements.

- 7.2** There are no other contingencies and commitments outstanding as at December 31, 2009 and June 30, 2009.

8 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unitholders. The Fund intend to distribute such accounting income, if any, for the year ending June 30, 2010 to its unitholders. Accordingly, no tax liability has been recorded in the current period.

9 EARNINGS/(LOSS) PER UNIT

Earnings per unit (EPU) for the half year ended December 31, 2009 has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

10 TRANSACTIONS WITH CONNECTED PERSONS

- 10.1** Connected persons of the Fund include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, NIB Bank Limited and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 10.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3** Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively. Similarly, remuneration payable to Trustee is determined in accordance with the provisions of the Trust Deed.

NAFA STOCK FUND

10.4 Transactions during the period

	-----Unaudited-----			
	Half year ended		Quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	-----Rupees in '000-----			
National Fullerton Asset Management Limited - Management Company				
Remuneration of Management Company	20,594	25,416	10,193	11,066
Front-end Load	1,823	1,519	1,176	-
National Bank of Pakistan - Sponsor				
Cash dividend	-	2,267	-	-
NIB Bank Limited - Sponsor				
Income from bank deposits	197	1,394	167	68
Cash dividend	-	2,267	-	-
Chief Executive Officer				
Units issued/transfer in (759,648 units 2008: Nil units)	5,000	-	-	-
Units redeemed (809,511 units 2008: Nil units)	6,186	-	6,186	-
Other Executives of the Management Company				
Units issued/transfer in (3,266,928 units; 2008: 1,419,574 units)	23,582	13,883	12,119	5,022
Units redeemed/transfer out (2,786,461 units; 2008: 2,551,323 units)	19,720	25,690	10,717	14,852
NAFA Cash Fund				
Bonus units received (Nil units; 2008: 375,925 units)	-	4,196	-	-
Units issued (Nil units; 2008: 812,909 units)	-	95,223	-	70,000
Units redeemed (Nil units; 2008: 7,239,103 units)	-	75,000	-	-
Company Secretary/Chief Financial Officer				
Units issued/transfer in (197,429 units; 2008: 38,241 units)	1,396	371	1,396	-
Units redeemed/transfer out (310,244 units; 2008: 70,272 units)	2,215	765	1,226	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of trustee	1,191	1,351	592	621
CDS Charges	371	55	114	6

10.5 Balances outstanding as at period/year end

	Unaudited	Audited
	December 31, 2009	June 30, 2009
	-----Rupees in '000-----	
National Fullerton Asset Management Limited - Management Company		
Management fee payable	3,361	3,257
Front-end Load Payable	731	1,098
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2009: 7,500,000 units)	54,060	45,514
Deposit held by the Fund with the Sponsor	808	282

NAFA STOCK FUND

	Unaudited December 31, 2009	Audited June 30, 2009
	-----Rupees in '000-----	
NIB Bank Limited-Sponsor		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2009: 7,500,000 units)	54,060	45,514
Deposit held by the Fund with the Sponsor	1,443	2,800
Alexandra Fund Management Pte. Limited-Sponsor		
Investment held by the Sponsor in the Fund (12,444,856 units; June 30, 2009: 12,444,856 units)	89,703	75,522
Chief Executive Officer		
Investment held by the Chief Executive Officer (Nil units; June 30, 2009: 49,864 units)	-	303
Employees of the Management Company		
Investment held by the Fund (845,263 units; June 30, 2009: 489,884 units)	6,093	2,972
Chief Financial Officer		
Investment held in the Fund (Nil units; June 30, 2009: 112,815 units)	-	685
Central Depository Company of Pakistan Limited-Trustee		
Payable to Trustee	196	190
CDS charges payable	26	69
Security Deposit	100	100
NAFA Provident Fund Trust-Provident Fund		
Investment held in the Fund (620,149 units; June 30, 2009: 620,149 units)	4,470	3,763

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 17, 2010 by the Board of Directors of the Management Company.

12 GENERAL

- 12.1 Figures have been rounded off to the nearest thousand rupees.
- 12.2 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. There were no significant rearrangements or reclassification except as required because of the change in accounting policy as more fully explained in note 3.1 to these financial statements.
- 12.3 The bifurcation of fund distributed 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.

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

Chief Executive

Chairman

