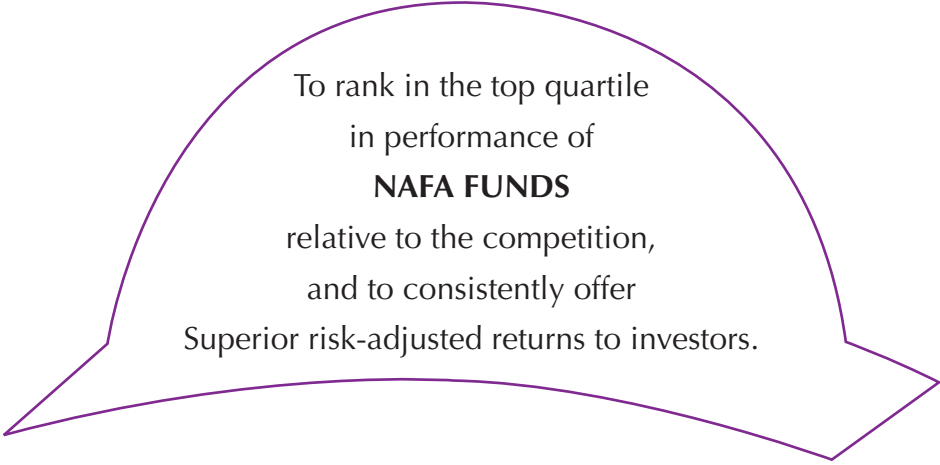


## MISSION STATEMENT



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 STOCK FUND

## FUNDS'S INFORMATION

### Management Company

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

### Board of Directors of the Management Company

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

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

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

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Atlas Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Deutsche Bank  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan 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 Punjab  
United Bank Limited

## **Auditors**

A.F. Ferguson & Co. Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road,  
P.O.Box 4716  
Karachi.

## **Legal Advisor**

M/s Jooma Law Associates  
205, E.I. Lines, Dr. Daudpota Road,  
Karachi.

## **Head Office:**

9th Floor, Adamjee House,  
I.I. Chundrigar Road,  
Karachi

## **Lahore Office:**

68-B-1, M.M. Alam Road,  
Gulberg 3, Lahore.  
UAN: 042-111-111-632  
Phone: 042-35778248-63  
Fax: 042-35876806

## **Islamabad Office:**

Plot No. 395, 396  
Industrial Area, 1-9/3 Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office:**

1st Floor, Haji Tehmas Centre,  
Near KFC, Tehkal Payan  
University Road, Peshawar.  
Phone: 92-91-5711784, 5711782  
Fax: 92-91-5211780

## **Multan Office:**

NBP Corporate Branch  
3rd Floor, Park Lane Tower, Near Shahjahan Banquet Hall,  
Officers Colony, Khanewal Road. Multan.  
Tel : 92-061-6214070  
Fax: 92-061-6214062  
UAN: 92-061-111-111-632

# NAFA STOCK FUND

## Contents

FUND'S INFORMATION	02
DIRECTORS' REPORT	05
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	07
AUDITORS' REVIEW REPORT TO THE UNITHOLDERS	08
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	15

# NAFA STOCK FUND

## DIRECTORS' REPORT

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

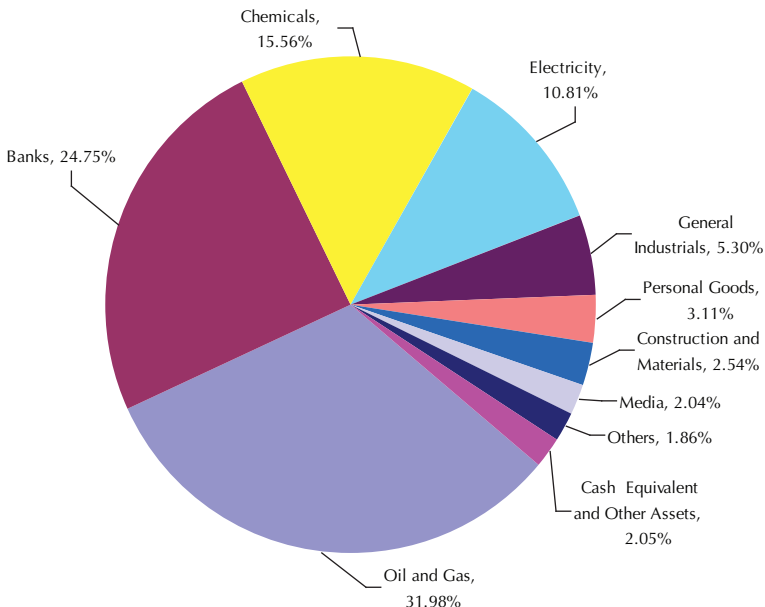
### Fund's Performance

During the said period, the unit price of NAFA Stock Fund has increased from Rs.6.1681 (Ex-Div) on June 30, 2010 to Rs.7.6029 on December 31, 2010, thus showing a growth of 23.26%, as compared to its Benchmark (KSE-30 Index) return of 21.26%, for the same period. Since inception (January 22, 2007), the unit price of the Fund has shown a growth of 8.67% as compared to 13.47% decrease in its Benchmark. Thus, the Fund has outperformed its Benchmark by 22.14% since inception. This performance is net of management fee and all other expenses. The size of NAFA Stock Fund has increased from Rs.959 million to Rs.992 million during the period, i.e. an increase of 3.44%.

The stock market showed a buoyant trend during 1HFY11 and the KSE-30 Index gained 21.26%. During the period under review, the key factors that contributed to the strong performance of the market were healthy foreign inflows, robust corporate earnings and improvement in the country's external account.

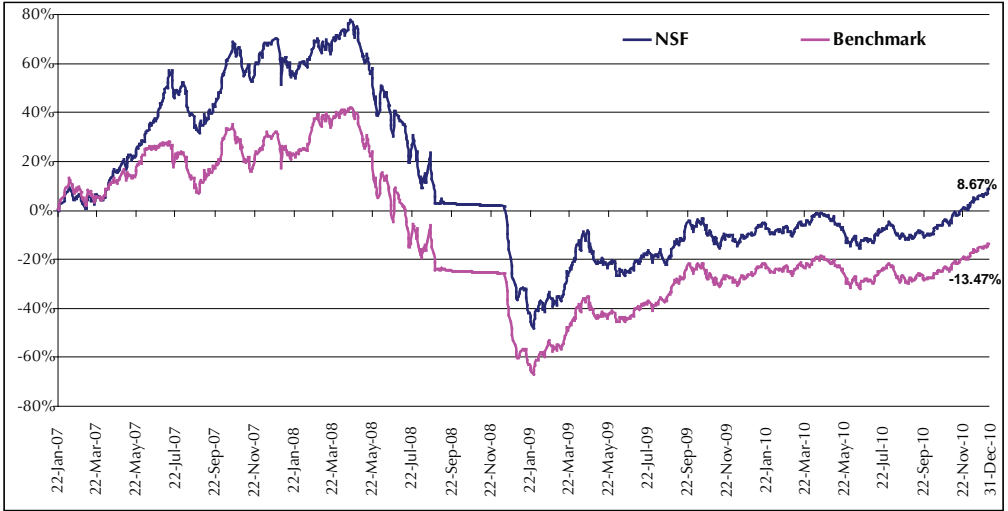
The Fund has earned total income of Rs.210.39 million during the period. After deducting expenses of Rs.23.17 million, the net income is Rs.187.22 million, translating into earning per unit of Rs.1.4348.

The asset allocation and sector-wise allocation of the Fund's equity holding as on December 31, 2010 are as follows:



# NAFA STOCK FUND

NSF Performance versus Benchmark (Since Inception)



## Income Distribution

The Board of Directors of the Management Company has approved an interim distribution of 1.85%.

## Acknowledgement

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

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

On behalf of the Board of  
 NBP Fullerton Asset Management Limited  
 (formerly: National Fullerton Asset Management Limited)

Chief Executive  
 Date: February 18, 2011  
 Place: Karachi.

Director

# NAFA STOCK FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS NAFA STOCK FUND

### 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-end scheme was established under a trust deed dated December 06, 2006, executed between NBP Fullerton Asset Management Limited [Formerly National Fullerton Asset Management Limited], as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

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

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

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

Karachi, February 24, 2011

# NAFA STOCK FUND

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

### Introduction

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

### Scope of Review

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

### Conclusion

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

Chartered Accountants  
Engagement Partner: **Rashid A. Jafer**  
Dated: February 18, 2011  
Karachi



# NAFA STOCK FUND

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

		(Un-audited) December 31, 2010	(Audited) June 30, 2010
		-----Rupees in '000-----	
<b>Assets</b>	<b>Note</b>		
Balances with banks		31,334	22,404
Receivable against sale of investments		8,444	-
Investments	4	971,694	935,270
Dividend and profit receivable	5	919	4,979
Deposits, prepayments and other receivables		2,809	3,740
Preliminary expenses and floatation costs		525	778
<b>Total assets</b>		1,015,725	967,171
<b>Liabilities</b>			
Payable to the Management Company		2,541	2,715
Payable to the Trustee		163	155
Payable to the Securities and Exchange Commission of Pakistan		452	1,209
Payable against purchase of investments		11,460	-
Payable against redemption of units		1,034	7
Accrued expenses and other liabilities	6	8,013	3,947
<b>Total liabilities</b>		23,663	8,033
<b>Net assets</b>		<u>992,062</u>	<u>959,138</u>
<b>Unit holders' funds (As per statement attached)</b>		<u>992,062</u>	<u>959,138</u>
<b>Contingencies and commitments</b>	8		
		-----Number of units-----	
<b>Number of units in issue</b>		<u>130,484,432</u>	<u>135,386,588</u>
		-----Rupees-----	
<b>Net assets value per unit</b>		<u>7.6029</u>	<u>7.0844</u>

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

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

Chief Executive

Director

# NAFA STOCK FUND

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

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Note -----Rupees in '000-----				
<b>Income</b>				
Gain / (loss) on sale of investments - net	48,069	209,635	40,688	72,043
Income from government securities	1,575	-	50	-
Profit on bank deposits	2,895	2,722	1,013	1,877
Dividend income	32,222	20,197	21,400	13,061
Net unrealised appreciation / (diminution) on remeasurement of investments classified as at fair value through profit or loss	135,468	36,941	126,097	(108,486)
<b>Total income</b>	<b>220,229</b>	<b>269,495</b>	<b>189,248</b>	<b>(21,505)</b>
<b>Expenses</b>				
Remuneration of the Management Company	14,289	20,594	7,114	10,193
Remuneration of the Trustee	952	1,191	474	592
Annual fee-Securities and Exchange Commission of Pakistan	452	652	225	323
Annual listing fee	20	15	10	8
Securities transaction cost	2,817	10,113	1,450	3,565
Settlement and bank charges	195	726	1	409
Auditors' remuneration	253	215	157	108
Fund rating fee	50	26	25	26
Amortisation of preliminary expenses and floatation costs	253	253	126	127
Legal and professional charges	25	40	10	40
Printing charges	44	445	(51)	445
<b>Total expenses</b>	<b>19,350</b>	<b>34,270</b>	<b>9,541</b>	<b>15,836</b>
<b>Net income / (loss) from operating activities</b>	<b>200,879</b>	<b>235,225</b>	<b>179,707</b>	<b>(37,341)</b>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	(9,843)	(25,379)	(8,886)	(10,946)
Provision for Worker's Welfare Fund	7	(3,821)	(3,417)	-
<b>Net income / (loss) for the period before taxation</b>	<b>187,215</b>	<b>209,846</b>	<b>167,404</b>	<b>(48,287)</b>
Taxation	9	-	-	-
<b>Net income / (loss) for the period after taxation</b>	<b>187,215</b>	<b>209,846</b>	<b>167,404</b>	<b>(48,287)</b>
<b>Earnings / (loss) per unit</b>	<b>10</b>			

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

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

Chief Executive

Director

# NAFA STOCK FUND

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

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	-----Rupees in '000-----			
Net income / (loss) for the period after taxation	187,215	209,846	167,404	(48,287)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>187,215</u>	<u>209,846</u>	<u>167,404</u>	<u>(48,287)</u>

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

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

Chief Executive

Director

# NAFA STOCK FUND

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

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
-----Rupees in '000-----				
Accumulated loss brought forward	(455,186)	(922,964)	(551,086)	(558,996)
Final distribution for the year ended June 30, 2010: 9.163% (2009 : Nil )				
- Bonus units : 16,343,482 units (2009 : Nil)	(100,808)	-	-	-
- Cash distribution	(23,246)	-	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed amount representing income / (losses) that forms part of the units holders' fund	81,411	138,521	73,068	32,686
Net income / (loss) for the period after taxation	187,215	209,846	167,404	(48,287)
	144,572	348,367	240,472	(15,601)
Accumulated loss carried forward	<u>(310,614)</u>	<u>(574,597)</u>	<u>(310,614)</u>	<u>(574,597)</u>

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

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

Chief Executive

Director

# NAFA STOCK FUND

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

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	-----Rupees in '000-----			
Net assets at the beginning of the period	959,138	1,331,311	942,274	1,426,082
Issue of 30,874,940 units (2009: 49,926,592 units) during the half year	208,443	359,035	118,456	201,926
Redemption of 52,120,578 units (2009: 85,160,292 units) during the half year	(349,331)	(598,229)	(244,958)	(263,325)
	(140,888)	(239,194)	(126,502)	(61,399)
Final distribution for the year ended June 30, 2010: 9.163% (2009 : Nil) - Bonus distribution: 16,343,482 units (June 30, 2009 : Nil Units)	100,808	-	-	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing accrued (income) / loss and capital (gains) / losses - transferred to condensed interim income statement	9,843	25,379	8,886	10,946
- amount representing (income) / loss and capital (gains) / losses - transferred to condensed interim distribution statement	(81,411)	(138,521)	(73,068)	(32,686)
	(71,568)	(113,142)	(64,182)	(21,740)
Net unrealised appreciation / (diminution) on remeasurement of investments classified as at fair value through profit or loss	135,468	36,941	126,097	(108,486)
Gain / (loss) on sale of investments - net	48,069	209,635	40,688	72,043
Other operating income / (loss)	3,678	(36,730)	619	(11,844)
	187,215	209,846	167,404	(48,287)
Final distribution for the year ended June 30, 2010: 9.163% (2009 : Nil) - Bonus units : 16,343,482 units (2009 : Nil) - Cash distribution	(100,808) (23,246) (124,054)	- - -	- - -	- - -
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	81,411	138,521	73,068	32,686
<b>Net assets as at the end of the period</b>	<b>992,062</b>	<b>1,327,342</b>	<b>992,062</b>	<b>1,327,342</b>

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

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

Chief Executive

Director

# NAFA STOCK FUND

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

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
-----Rupees in '000-----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	187,215	209,846	167,404	(48,287)
<b>Adjustments for non-cash and other items:</b>				
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	(135,468)	(36,941)	(126,097)	108,486
Amortisation of preliminary expenses and floatation costs	253	253	126	127
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	9,843	25,379	8,886	10,946
	<u>61,843</u>	<u>198,537</u>	<u>50,319</u>	<u>71,272</u>
<b>Net (increase) / decrease in assets</b>				
Receivable from sale of investments	(8,444)	24,624	(8,444)	49,095
Investments - net	99,044	33,470	29,772	(17,346)
Dividend and profit receivable	4,060	2,563	8,837	7,476
Advances deposits and prepayments	931	(382)	1,459	(3,270)
	<u>95,591</u>	<u>60,275</u>	<u>31,624</u>	<u>35,955</u>
<b>Net increase / (decrease) in liabilities</b>				
Payable to National Fullerton Asset Management Limited - Management Company	(174)	(263)	(231)	369
Payable to Central Depository Company of Pakistan Limited - Trustee	8	6	11	2
Payable to Securities and Exchange Commission of Pakistan	(757)	(763)	225	323
Payable against purchase of investments	11,460	(13,448)	(11,838)	(99,630)
Accrued expenses and other liabilities	4,066	(138)	4,150	109
	<u>14,603</u>	<u>(14,606)</u>	<u>(7,683)</u>	<u>(98,827)</u>
<b>Net cash generated from operating activities</b>	<u>172,037</u>	<u>244,206</u>	<u>74,260</u>	<u>8,400</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net receipts from issuance of units	208,443	359,035	118,456	201,926
Net payments on redemption of units	(348,304)	(596,299)	(245,239)	(261,978)
Distributions paid	(23,246)	-	-	-
<b>Net cash outflow on financing activities</b>	<u>(163,107)</u>	<u>(237,264)</u>	<u>(126,783)</u>	<u>(60,052)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<u>8,930</u>	<u>6,942</u>	<u>(52,523)</u>	<u>(51,652)</u>
Cash and cash equivalents at the beginning of the period	22,404	15,971	83,857	74,565
<b>Cash and cash equivalents at the end of the period</b>	<u><u>31,334</u></u>	<u><u>22,913</u></u>	<u><u>31,334</u></u>	<u><u>22,913</u></u>

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

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

Chief Executive

Director

# NAFA STOCK FUND

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

## 1. LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Stock Fund (NSF) ('the Fund') was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) (formerly National Fullerton Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on December 06, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 20, 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 the SECP. The registered office of the Management Company is situated at 9th Floor, Adamjee House, I.I.Chundrigar Road, Karachi.

The 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 Board of Directors have approved that the Fund should be categorized as 'Equity Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan.

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 and has assigned short term performance ranking of "Three Star" to the Fund.

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. In cases where requirements differ, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2010.

2.3 These condensed interim financial statements are un-audited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance. Accordingly, the Board of Directors of the Management Company declare that these condensed interim financial statements give a true and fair view of state of affairs of the Fund.

# NAFA STOCK FUND

## 3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2010

### 3.2 Standards, interpretations and amendments to published approved accounting standards that are effective from January 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

### 3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but were considered not to be relevant or did not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2010	(Audited) June 30, 2010
	Note	Rupees in '000	
4. INVESTMENTS			
At fair value through profit or loss - held for trading			
Investments in shares of listed companies	4.1	971,694	935,270
Investment in Government Securities -Market Treasury Bills	4.3	-	-
		<u>971,694</u>	<u>935,270</u>



# NAFA STOCK FUND

## 4.1 Investments in shares of listed companies classified as at fair value through profit or loss

Name of the investee company	-----Number of shares-----					Market value as at December 31, 2010	Market value of investments as a percentage of net assets	Market value of investments as a percentage of total investments	Investment as a percentage of paid up capital of the investee company
	As at July 1, 2010	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2010				
						(Rupees in '000)		%-----	
Unless stated otherwise, the holdings are in ordinary shares having face value of Rs. 10 each.									
<b>Oil and Gas</b>									
Attock Petroleum Limited	94,140	149,400	25,118	151,368	117,290	39,236	3.95	4.04	0.17
Attock Refinery Limited	54,500	278,300	-	332,500	300	37	-	-	0.00
National Refinery Limited	173,218	-	-	110,300	62,918	17,227	1.74	1.77	0.08
Oil & Gas Development Company Limited	896,683	224,500	-	777,600	343,583	58,694	5.92	6.04	0.01
Pakistan Oilfields Limited	295,100	388,200	-	357,300	326,000	96,483	9.73	9.93	0.14
Pakistan Petroleum Limited	416,436	173,500	84,667	232,900	441,703	95,916	9.67	9.87	0.04
Pakistan State Oil Company Limited	124,001	154,600	-	245,900	32,701	9,653	0.97	0.99	0.02
	<u>2,054,078</u>	<u>1,368,500</u>	<u>109,785</u>	<u>2,207,868</u>	<u>1,324,495</u>	<u>317,246</u>	<u>31.98</u>	<u>32.64</u>	
<b>Chemicals</b>									
Engro Corporation Limited	282,811	562,000	-	603,300	241,511	46,807	4.72	4.82	0.07
Fatima Fertilizer Limited	-	150	-	150	-	-	-	-	-
Fauji Fertilizer Company Limited	507,000	501,000	-	659,600	348,400	43,850	4.42	4.51	0.05
Fauji Fertilizer Bin Qasim Limited	8,000	1,685,600	-	493,000	1,200,600	42,897	4.32	4.40	0.13
Lotte Pakistan PTA Limited	-	2,853,000	-	1,333,000	1,520,000	20,824	2.10	2.14	0.10
	<u>797,811</u>	<u>5,601,750</u>	<u>-</u>	<u>3,089,050</u>	<u>3,310,511</u>	<u>154,378</u>	<u>15.56</u>	<u>15.87</u>	
<b>Construction &amp; Materials</b>									
Attock Cement Pakistan Limited	223,456	110,000	-	333,456	-	-	-	-	-
D.G Khan Cement Company Limited	460,000	869,000	-	1,328,500	500	15	-	-	-
Lucky Cement Limited	154,023	911,200	-	982,000	83,223	6,307	0.64	0.65	0.03
Thatta Cement Limited	1,000,000	-	-	-	1,000,000	18,881	1.90	1.94	1.25
	<u>1,837,479</u>	<u>1,890,200</u>	<u>-</u>	<u>2,643,956</u>	<u>1,083,723</u>	<u>25,203</u>	<u>2.54</u>	<u>2.59</u>	
<b>General Industrials</b>									
Thal Limited*	389,566	93,000	59,562	138,759	403,369	52,539	5.30	5.41	0.66
<b>Industrial Engineering</b>									
Al Ghazi Tractors Limited*	32,328	20,600	-	52,928	-	-	-	-	-
Millat Tractors Limited	-	51,300	6,075	57,300	75	37	-	-	-
	<u>32,328</u>	<u>71,900</u>	<u>6,075</u>	<u>110,228</u>	<u>75</u>	<u>37</u>	<u>-</u>	<u>-</u>	
<b>Balance carried forward</b>	<u>5,111,262</u>	<u>9,025,350</u>	<u>175,422</u>	<u>8,189,861</u>	<u>6,122,173</u>	<u>549,403</u>	<u>55.38</u>	<u>56.51</u>	

# NAFA STOCK FUND

Name of the investee company	-----Number of shares-----					Market value as at December 31, 2010	Market value of investments as a percentage of net assets	Market value of investments as a percentage of total investments	Investment as a percentage of paid up capital of the investee company
	As at July 1, 2010	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2010				
	(Rupees in '000)						-----%		
<b>Balance brought forward</b>	5,111,262	9,025,350	175,422	8,189,861	6,122,173	549,403	55	57	
<b>Personal Goods</b>									
AMTEX Limited	1,061,366	845,000	154,559	2,060,866	59	0.2	-	-	-
Azgard Nine Limited (Non-voting)	806,400	-	-	-	806,400	12,096	1.22	1.24	0.15
Nishat Mills Limited	24	374,000	-	81,000	293,024	18,803	1.90	-	0.08
	1,867,790	1,219,000	154,559	2,141,866	1,099,483	30,899	3.11	1.24	
<b>Media</b>									
Eye Television Network Limited	860,779	-	-	-	860,779	20,271	2.04	2.09	1.72
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited	2,223,000	865,000	-	2,437,000	651,000	12,642	1.27	1.30	0.02
Wateen Telecom Limited	1,500,000	-	-	-	1,500,000	5,460	0.55	0.56	0.24
	3,723,000	865,000	-	2,437,000	2,151,000	18,102	1.82	1.86	
<b>Electricity</b>									
The Hub Power Company Limited	1,909,500	1,457,600	-	1,378,000	1,989,100	74,412	7.50	7.66	0.17
Nishat Power Limited	-	3,386,000	-	1,360,400	2,025,600	32,876	3.31	3.38	0.57
	1,909,500	4,843,600	-	2,738,400	4,014,700	107,288	10.81	11.04	
<b>Banks</b>									
Allied Bank Limited	264,134	335,000	-	242,072	357,062	25,048	2.52	2.58	0.05
Bank Al-Falah Limited	-	535,000	-	535,000	-	-	-	-	-
Bank Al Habib Limited	749,723	290,000	-	437,000	602,723	21,855	2.20	2.25	0.08
Habib Metropolitan Bank Limited	488,298	-	-	488,298	-	-	-	-	-
MCB Bank Limited	554,528	391,790	-	540,800	405,518	92,677	9.34	9.54	0.05
Meezan Bank Limited	25	595,000	-	-	595,025	10,056	1.01	1.03	0.09
National Bank of Pakistan	224,331	935,000	-	652,500	506,831	38,935	3.92	4.01	0.04
United Bank Limited	357,046	1,529,000	-	1,050,700	835,346	56,996	5.75	5.87	0.07
	2,638,085	4,610,790	-	3,946,370	3,302,505	245,567	24.75	25.28	
<b>Non Life Insurance</b>									
Adamjee Insurance Company Limited	-	56,000	-	55,000	1,000	88	0.01	0.01	
<b>Financial Services</b>									
Arif Habib Securities Limited	253,500	215,000	-	468,500	-	-	-	-	-
Jahangir Siddiqui Company Limited	-	1,107,000	-	1,100,000	7,000	76	0.01	0.01	-
	253,500	1,322,000	-	1,568,500	7,000	76	0.01	0.01	
<b>Software and Computer Services</b>									
Netsol Technologies Limited	380,000	232,000	-	612,000	-	-	-	-	-
	16,743,916	22,173,740	329,981	21,688,997	17,558,640	971,694			
<b>Carrying value as at December 31, 2010</b>						836,226			

\* The face value of shares held in Thal Limited and Al Ghazi Tractors Limited is Rs 5 per share.

# NAFA STOCK FUND

4.2 Investments include shares having market value of Rs 244.954 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

## 4.3 Investment in government securities - 'At fair value through profit or loss'

Issue Date	Tenor	Face Value				Market value as at December 31, 2010	Market value of investments as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2010	Purchases during the period	Sales/ matured during the period	As at December 31, 2010			
----- (Rupees in '000) -----								
April 08, 2010	6 Months	-	50,000	50,000	-	-	-	-
June 17, 2010	3 Months	-	150,000	150,000	-	-	-	-
July 15, 2010	3 Months	-	75,000	75,000	-	-	-	-
October 8, 2010	12 Months	-	50,000	50,000	-	-	-	-
						-	-	-
Carrying value as at December 31, 2010						-		

	Note	(Un-audited) December 31, 2010	(Audited) June 30, 2010
(Rupees in '000)			
5 DIVIDEND AND PROFIT RECEIVABLE			
Dividend receivable		515	4,371
Profit receivable on savings account		404	608
		919	4,979
6 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		254	260
Settlement charges payable		16	75
Bank charges		55	80
Workers' Welfare Fund	7	6,629	2,808
Others		1,059	724
		8,013	3,947

## 7 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

# NAFA STOCK FUND

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 6.629 million in these condensed interim financial statements.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the period end.

## 9 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 (the 'Ordinance') subject to the condition that not less than 90 percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed amongst 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 June 30, 2011 as reduced by capital gains (whether realised or unrealised) to its unit holders. Accordingly, no tax liability has been recorded in the current period.

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

## 10 EARNINGS / (LOSS) PER UNIT

Earnings / (loss) per unit for the half years and quarters ended December 31, 2009 and 2010 have not been disclosed as in the opinion of the management the determination of weighted average units for calculating earnings / (loss) per unit is not practicable.

## 11 TRANSACTIONS WITH CONNECTED PERSONS

11.1 Connected persons of the Fund 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.

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

11.3 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

## 11.4 Transactions during the period

	----- (Unaudited) -----			
	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	-----Rupees in '000-----			
<b>NBP Fullerton Asset Management Limited - Management Company (Formerly National Fullerton Asset Management Limited)</b>				
Remuneration of Management Company	14,289	20,594	7,114	10,193
Front-end Load	215	1,823	104	1,176
<b>National Bank of Pakistan - Sponsor</b>				
Cash dividend in respect of investments held in the Fund	6,872	-	-	-
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Bonus units issued:1,848,741 units (2009: Nil units)	-	-	-	-
Units redeemed/transferred out: 5,937,096 units (2009: Nil units)	40,000	-	40,000	-
<b>Chief Executive Officer</b>				
Units issued/ transferred in: Nil units ( 2009:759,648 units)	-	5,000	-	-
Units redeemed/transferred out: Nil units (2009:809,511 units)	-	6,186	-	-
<b>Company Secretary / Chief Financial Officer</b>				
Units issued / transferred in: Nil units (2009:197,429 units)	-	1,396	-	1,396
Units redeemed / transferred out: Nil units (2009: 310,244 units)	-	2,215	-	1,226
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration of trustee	952	1,191	474	592
CDS Charges	89	371	65	114
<b>NAFA Provident Fund Trust - Provident Fund</b>				
Units Issued / transferred in: 2,474,306 units (2009: Nil units)	16,528	-	7,565	-
Units redeemed / transferred out: 2,267,335 units (2009: Nil units)	15,021	-	6,734	-
Bonus units issued: 77,088 units (2009 Nil units)	-	-	-	-

(Un-audited) (Audited)  
December 31, June 30,  
2010 2010  
(Rupees in '000)

## 11.5 Balances outstanding as at period / year end

<b>NBP Fullerton Asset Management Limited - Management Company (Formerly National Fullerton Asset Management Limited)</b>		
Management fee payable	2,447	2,340
Others	94	375
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund: 7,500,000 units (2010: 7,500,000 units)	57,022	53,133
Deposit held by the Fund with the Sponsor	945	694

# NAFA STOCK FUND

	(Un-audited) December 31, 2010	(Audited) June 30, 2010
(Rupees in '000)		
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund: 8,356,501 units (2010:12,444,856 units)	63,534	88,164
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Payable to Trustee	163	155
CDS charges payable	16	75
Security Deposit	100	100
<b>NAFA Provident Fund Trust - Provident Fund</b>		
Investment held in the Fund: 802,976 units (2010: 518,919 units)	6,105	3,676

## 12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 18, 2011 by the Board of Directors of the Management Company.

## 13 GENERAL

- 13.1 Figures have been rounded off to the nearest thousand rupees.
- 13.2 Corresponding figures have been rearranged and reclassified, where ever necessary, for the purpose of better presentation. There were no major reclassifications in these condensed interim financial statements.
- 13.3 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the period as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

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

Chief Executive

Director