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NBP Fullerton
Asset Management Ltd.
A Subsidiary of
National Bank of Pakistan

NAFA GOVERNMENT SECURITIES LIQUID FUND

ANNUAL REPORT 2015



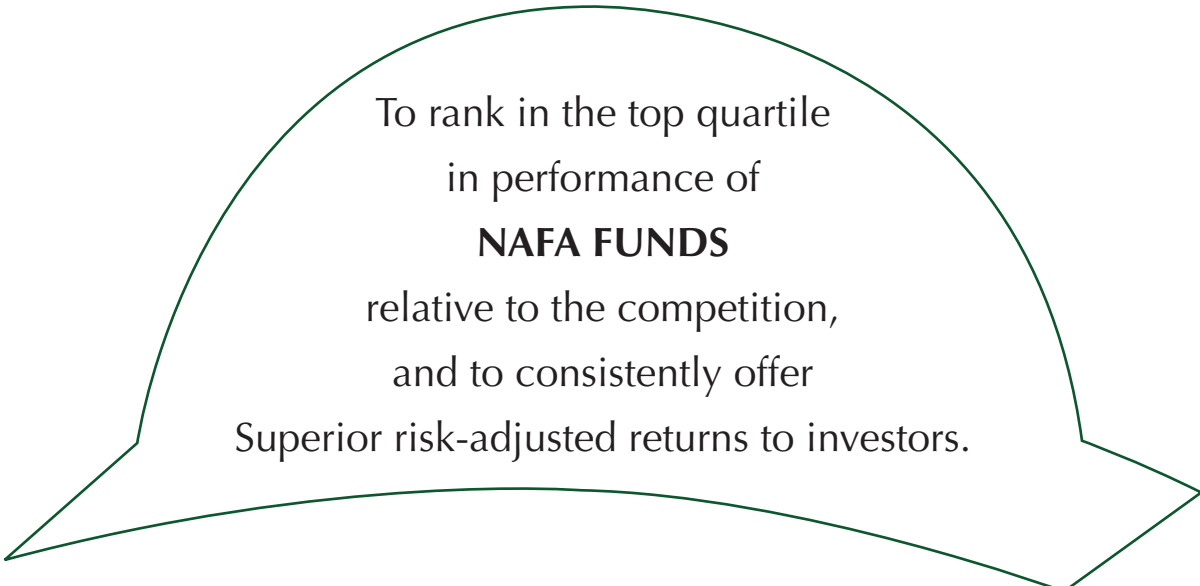
Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

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 GOVERNMENT SECURITIES LIQUID 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. Nigel Poh Cheng	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 and Remuneration Committee

Mr. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	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
MCB Bank Limited
NIB Bank Limited
United Bank Limited
National Bank of Pakistan
Summit Bank Limited
Soneri Bank Limited
Sindh Bank Limited

NAFA GOVERNMENT SECURITIES LIQUID 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: 111-111-NFA (111-111-632)
Helpline (Toll Free): 0800-20001
Fax: (021) 35825329

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, I-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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Board of Directors



Mr. Nausherwan Adil
Chairman



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Kamal Amir Chinoy
Director



Mr. Koh Boon San
Director



Mr. Aamir Sattar
Director



Mr. Shehryar Faruque
Director



Mr. Nigel Poh Cheng
Director



Mr. Abdul Hadi Palekar
Director

Senior Management*



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. M. Murtaza Ali
Chief Operating Officer
& Company Secretary



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Zeeshan
Chief - Strategy &
Business Development



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate
Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Muhammad Ali, CFA, FRM
Head of Fixed Income



Syed Suleman Akhtar CFA
Head of Research



Mr. Tahir Lateef
Head of Internal Audit



Mr. Ahmad Nouman CFA, PRM
Head of Risk Management



Mr. Asim Wahab Khan, CFA
Head of Equity

NAFA GOVERNMENT SECURITIES LIQUID FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Seventh Annual Report of **NAFA Government Securities Liquid Fund** for the year ended June 30, 2015.

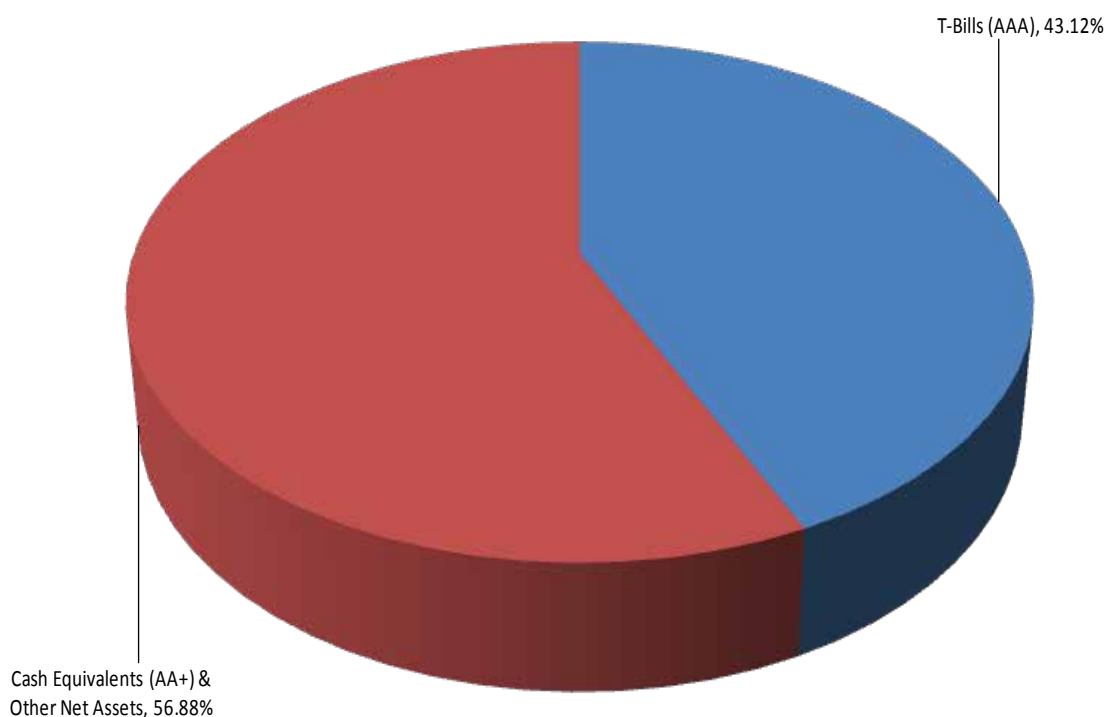
Fund's Performance

The size of NAFA Government Securities Liquid Fund has reduced from Rs. 9,858 million to Rs. 7,013 million during the period, i.e. a decrease of 28.86%. During the said period, the unit price of the Fund has increased from Rs. 9.3648 (Ex-Div) on June 30, 2014 to Rs. 10.1423 on June 30, 2015, thus posting a return of 8.30% as compared to its Benchmark (70% 3-Month T-Bills & 30% average 3-Month deposit rate of 'AA' & above rated banks) return of 8.72% for the same period. The return of the Fund is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. T-Bills are the major asset class of the Fund. Exposure of the Fund to credit, liquidity and interest rate risk is exceptionally low due to 70% minimum investment in Government securities (T-Bill) with average maturity of the overall portfolio at 45 days. The Fund invests in AA and above rated Bank/DFIs with maximum maturity of six months.

During the period under review, the State Bank of Pakistan reduced the discount rate by 300 bps bringing it to a 42 year low of 7.0%. SBP highlighted i) improving external account position; ii) benign inflation reading and anchored inflation outlook; and iii) continued increase in foreign exchange reserves as the key drivers for the expansionary monetary policy decision during the year. Sovereign securities responded to the loose monetary policy period with yields on the PIBs and T-bills declining sharply.

The Fund has earned a total income of Rs.551.74 million during the year. After deducting total expenses of Rs.165.63 million, the net income is Rs.386.11 million. The asset allocation of NAFA Government Securities Liquid Fund as on June 30, 2015 is as follows:



NAFA GOVERNMENT SECURITIES LIQUID FUND

Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 7.42% of opening ex-NAV (7.46% of the par value) during the year.

Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2016.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the current financial year. The attendance of all directors is disclosed in the note 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.

NAFA GOVERNMENT SECURITIES LIQUID FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: September 30, 2015

Place: Karachi.

NAFA GOVERNMENT SECURITIES LIQUID FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA GOVERNMENT SECURITIES LIQUID FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Government Securities Liquid 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 year ended June 30, 2015 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: October 13, 2015

NAFA GOVERNMENT SECURITIES LIQUID FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented by the Board of Directors of NBP Fullerton Asset Management Limited (Company), the Management Company of **NAFA Government Securities Liquid Fund** (the Fund) to comply with the Best Practices of Code of Corporate Governance (CCG) contained in Regulation No. 35, Chapter XI of Listing Regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Lahore Stock Exchange.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2015, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Nigel Poh Cheng 5. Mr. Koh Boon San

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy occurred on the board on February 17, 2015 which was filled up on the same date.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

NAFA GOVERNMENT SECURITIES LIQUID FUND

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the directors on their duties and responsibilities the Code requires every listed company to conduct formal orientation for directors. As per the Code, by June 30, 2015 a minimum of three directors should have attended director training program. As at year end, three of the directors have attended the director's training program offered by Pakistan Institute of Corporate Governance. Other directors are also conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. There was no new appointment of the Chief Financial Officer (CFO), Company Secretary, or Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 20 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors including an independent director and the chairman of the committee is a non-independent director.

NAFA GOVERNMENT SECURITIES LIQUID FUND

18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, there was no 'closed period' prior to the announcement of interim/final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with. While the Code of Corporate Governance requires that a mechanism shall be put in place for the annual evaluation of the Board's own performance by April 2014, the Management Company has prepared a framework for this purpose and eventual approval by the Board of Directors of the Management Company will be obtained in forthcoming Board of Directors meeting, subsequent to year end.

For and behalf of the board

Karachi
September 30, 2015

Dr. Amjad Waheed
Chief Executive Officer

NAFA GOVERNMENT SECURITIES LIQUID FUND

FUND MANAGER REPORT

NAFA Government Securities Liquid Fund

NAFA Government Securities Liquid (NGSLF) Fund is an open-end Money Market Scheme.

Investment Objective of the Fund

The objective of NAFA Government Securities Liquid Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

Benchmark

70% 3-Month T-Bills and 30% average 3-Month deposit rates of AA and above rated banks.

Fund Performance Review

This is the seventh Annual report since the launch of the Fund on May 15, 2009. The Fund size decreased by around 28.80% during FY15 and stands at Rs 7.02 billion as on June 30, 2015. The Fund's return since inception is 9.69% versus the benchmark return of 9.87%. The Fund's return for FY 2015 is 8.30% as against the benchmark return of 8.72%. The return of the Fund is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. NGSLF is the largest Fund in Pakistan in this rating category. The rating reflects exceptionally strong credit and liquidity profile of the Fund. T-Bills are the major asset class of the Fund. Exposure of the Fund to credit, liquidity and interest rate risks are exceptionally low due a minimum 70% investment in Government securities (T-Bill) with average maturity of the overall portfolio at 45 days. The Fund is allowed to invest in AA and above rated Bank/DFIs with maximum maturity of six months.

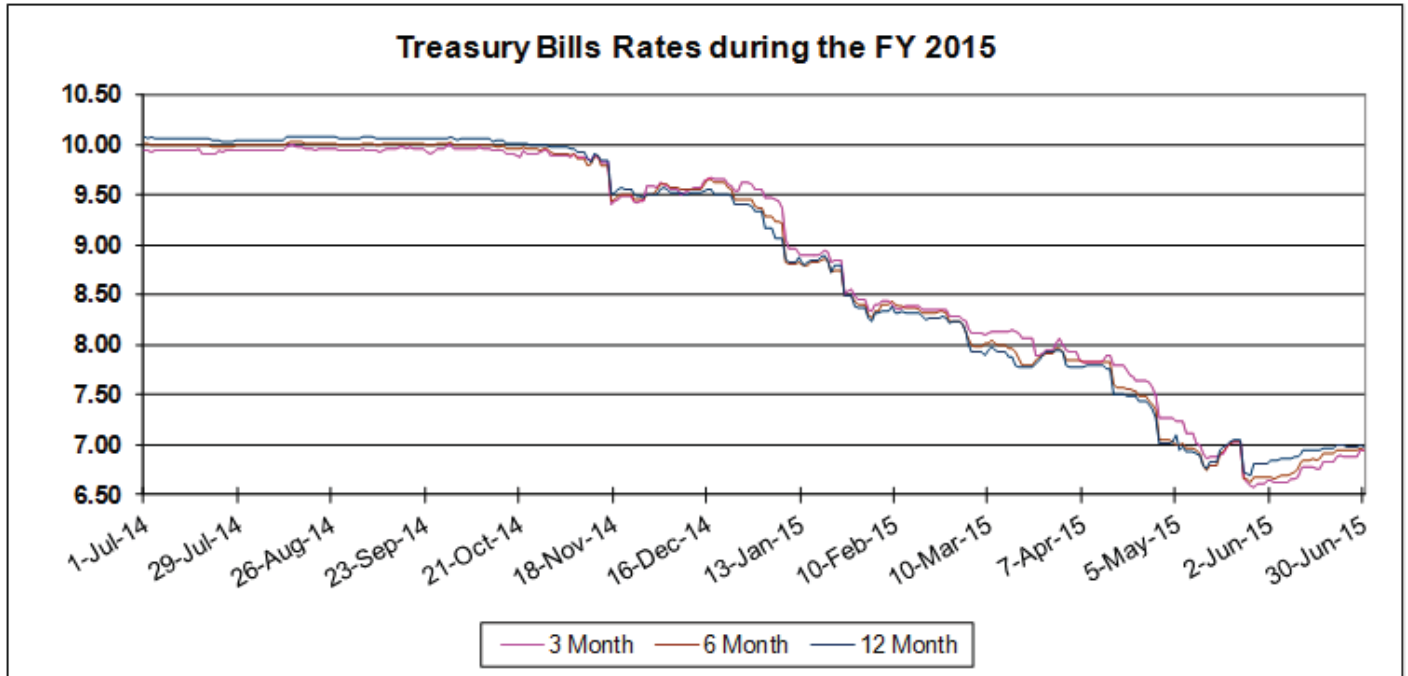
During the period under review, the State Bank of Pakistan reduced the discount rate by 300 bps bringing it to a multi-decade low of 7.0%. SBP highlighted i) improving external account position; ii) benign inflation reading and anchored near-term inflation expectation; and iii) continued increase in FX reserves as the key drivers for the expansionary monetary policy decision during the year. Sovereign securities responded to the loose monetary policy stance with yields on the PIBs and T-bills declining sharply.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-15	30-Jun-14
T-Bills	43.12%	82.38%
Cash Equivalents & Other Assets	56.88%	17.62%
Total	100.00%	100.00%

NAFA GOVERNMENT SECURITIES LIQUID FUND

T-Bills yields during the year are shown in below graph:



Distribution for the Financial Year 2015

Interim / Final	Dividend as a % of Par Value (Rs.10)	Cumulative Div. Price / Unit	Ex- Div. Price
Interim	7.46%	10.8855	10.1395

Unit Holding Pattern of NAFA Government Securities Liquid Fund as on 30th June 2015

Size of Unit Holding (Units)		No. of Unit Holders
1	1,000	338
1,001	5,000	240
5,001	10,000	103
10,001	50,000	317
50,001	100,000	182
100,001	500,000	247
500,001	1,000,000	35
1,000,001	5,000,000	25
5,000,001	10,000,000	8
10,000,001	100,000,000	13
100,000,001	1,000,000,000	1

Total: 1509

NAFA GOVERNMENT SECURITIES LIQUID FUND

During the period under question:

There has been no other significant change in the state of affairs of the Fund. NAFA Government Securities Liquid Fund does not have any soft commission arrangement with any broker in the industry.

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 115.239 million , If the same were not made the NAV per unit/ FY 2015 return of scheme would be higher by Rs. 0.1667/1.78% For details investors are advised to read note 14.1 of the Financial Statement of the Scheme for the year ended June 30, 2015.

NAFA GOVERNMENT SECURITIES LIQUID FUND

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of NBP Fullerton Asset Management Limited, the Management Company of **NAFA Government Securities Liquid Fund** ("the Fund") for the year ended 30 June 2015 to comply with the requirements of the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors ("the Board") of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2015.

Further, we highlight the below instances of non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

- i) Paragraph 21 As per the Code, there should be announcement of 'close period' prior to the announcement of interim / final results, however there was no such 'close period' announced during the year ended 30 June 2015.
- ii) Paragraph 23 As per the Code, a mechanism was required to to be put in place for an annual evaluation of the Board's own performance which has been approved subsequent to the year end.

Date: 30 September 2015

Place: Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

NAFA GOVERNMENT SECURITIES LIQUID FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **NAFA Government Securities Liquid Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2015 and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund, cash flow statement, for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2015 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: September 30, 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA GOVERNMENT SECURITIES LIQUID FUND

Statement of Assets and Liabilities As at 30 June 2015

	Note	2015 (Rupees in '000)	2014
Assets			
Bank balances	5	1,962,658	7,730,161
Investments	6	3,024,546	8,121,706
Profit receivable	7	1,770	10,238
Receivable against conversion of units	8	2,514,448	-
Advance, prepayment and other receivable	9	7,151	7,117
Total assets		<u>7,510,573</u>	<u>15,869,222</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	11	46,866	24,420
Payable to Central Depository Company of Pakistan Limited - Trustee	12	590	896
Payable to Securities and Exchange Commission of Pakistan	13	7,535	10,654
Payable against redemption of units		25,282	5,865,291
Payable against conversion of units	8	6,485	-
Dividend payable		278,346	-
Accrued expenses and other liabilities	14	132,014	109,338
Total liabilities		<u>497,118</u>	<u>6,010,599</u>
Net assets		<u>7,013,455</u>	<u>9,858,623</u>
Unit holders' fund (as per statement attached)		<u>7,013,455</u>	<u>9,858,623</u>
Contingency and commitment	15	-----Number of units-----	
Number of units in issue	16	<u>691,506,600</u>	<u>980,581,901</u>
		-----Rupees-----	
Net assets value per unit		<u>10.1423</u>	<u>10.0538</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Income Statement For the year ended 30 June 2015

	Note	2015 -----Rupees in '000-----	2014
Income			
Gain on sale of investments - net		14,247	520
Income from government securities		672,098	1,069,779
Income from term deposit receipts		33,938	81,463
Income from money market placements		67,774	108,485
Profit on bank deposits		174,547	102,877
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(659)	(3,692)
Total income		<u>961,945</u>	<u>1,359,432</u>
Expenses			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	11.1	104,610	146,976
Sindh Sales Tax on remuneration of Management Company	11.1	18,202	27,379
Federal Excise Duty on remuneration of Management Company	11.2	16,739	23,516
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12	8,240	10,773
Annual fee - Securities and Exchange Commission of Pakistan	13	7,535	10,654
Amortisation of preliminary expenses and floatation costs	10	-	867
Securities transaction cost		643	932
Bank charges		610	721
Annual listing fee		40	40
Auditors' remuneration	17	599	503
Legal and professional charges		100	101
Fund rating Fee		302	254
Other charges		121	169
Total expenses		<u>157,741</u>	<u>222,885</u>
Net income from operating activities		<u>804,204</u>	<u>1,136,547</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(410,210)	-
Provision for Workers' Welfare Fund	14.1	(7,880)	(22,731)
Net income before taxation		<u>386,114</u>	<u>1,113,816</u>
Taxation	18	-	-
Net income for the year		<u><u>386,114</u></u>	<u><u>1,113,816</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Statement of Comprehensive Income For the year ended 30 June 2015

	2015	2014
	(Rupees in '000)	
Net income for the year	386,114	1,113,816
Other comprehensive income	-	-
Total comprehensive income for the year	<u>386,114</u>	<u>1,113,816</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Distribution Statement For the year ended 30 June 2015

	2015	2014
	(Rupees in '000)	
Undistributed income brought forward comprising:		
- Realised income	28,075	10,863
- Unrealised loss	(3,692)	(259)
	24,383	10,604
Net income for the year	386,114	1,113,816
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that forms part of unit holders fund - net	20,227	(1,523)
Interim distributions:		
Distribution declared: Nil (30 July 2013: 0.572%)	-	(72,248)
- Issue of bonus units	-	(12)
- Cash distribution		
Distribution declared: Nil (29 August 2013: 0.602%)	-	(77,416)
- Issue of bonus units	-	(13)
- Cash distribution		
Distribution declared: Nil (27 September 2013: 0.602%)	-	(78,173)
- Issue of bonus units	-	(13)
- Cash distribution		
Distribution declared: Nil (29 October 2013: 0.602%)	-	(78,879)
- Issue of bonus units	-	(13)
- Cash distribution		
Distribution declared: Nil (28 November 2013: 0.632%)	-	(81,123)
- Issue of bonus units	-	(14)
- Cash distribution		
Distribution declared: Nil (27 December 2013: 0.653%)	-	(97,082)
- Issue of bonus units	-	(14)
- Cash distribution		
Distribution declared: Nil (29 January 2014: 0.693%)	-	(104,100)
- Issue of bonus units	-	(15)
- Cash distribution		
Distribution declared: Nil (28 February 2014: 0.703%)	-	(111,358)
- Issue of bonus units	-	(15)
- Cash distribution		
Distribution declared: Nil (28 March 2014: 0.622%)	-	(94,072)
- Issue of bonus units	-	(7)
- Cash distribution		
Distribution declared: Nil (29 April 2014: 0.683%)	-	(106,138)
- Issue of bonus units	-	(8)
- Cash distribution		
Distribution declared: Nil (28 May 2014: 0.683%)	-	(107,270)
- Issue of bonus units	-	(8)
- Cash distribution		
Distribution declared on 29 June 2015: 7.460% (26 June 2014: 0.663%)	-	(90,515)
- Issue of bonus units	-	(8)
- Cash distribution	(345,229)	(8)
Total distributions	(345,229)	(1,098,514)
Undistributed income carried forward	85,495	24,383
Undistributed income comprising:		
- Realised income	86,154	28,075
- Unrealised loss	(659)	(3,692)
	85,495	24,383

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Statement of Movement in Unit Holders' Fund For the year ended 30 June 2015

	2015 (Rupees in '000)	2014
Net assets at beginning of the year	9,858,623	12,401,926
Issue of 1,511,542,489 units (2014: 1,287,202,495 units)	15,598,011	12,959,262
Issue of bonus units : Nil (2014: 109,417,874 units)	-	1,098,374
Redemption of 1,800,617,790 units (2014: 1,651,426,244 units)	(18,894,274)	(16,616,241)
	(3,296,263)	(2,558,605)
Gain on sale of investments - net	14,247	520
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(659)	(3,692)
Other net income for the year	372,526	1,116,988
Total comprehensive income for the year	386,114	1,113,816
Element of (income) / loss included in prices of units issued less those in units redeemed - net		
- amount representing loss transferred to income statement	410,210	-
- amount representing (income) / loss transferred to distribution statement	(20,227)	1,523
	389,983	1,523
Interim distributions:		
Distribution declared : Nil (30 July 2013: 0.572%)		
- Issue of bonus units	-	(72,248)
- Cash distribution	-	(12)
Distribution declared : Nil (29 August 2013: 0.602%)		
- Issue of bonus units	-	(77,416)
- Cash distribution	-	(13)
Distribution declared : Nil (27 September 2013: 0.602%)		
- Issue of bonus units	-	(78,173)
- Cash distribution	-	(13)
Distribution declared : Nil (29 October 2013: 0.602%)		
- Issue of bonus units	-	(78,879)
- Cash distribution	-	(13)
Distribution declared : Nil (28 November 2013: 0.632%)		
- Issue of bonus units	-	(81,123)
- Cash distribution	-	(14)
Distribution declared : Nil (27 December 2013: 0.653%)		
- Issue of bonus units	-	(97,082)
- Cash distribution	-	(14)
Distribution declared : Nil (29 January 2014: 0.693%)		
- Issue of bonus units	-	(104,100)
- Cash distribution	-	(15)
Distribution declared : Nil (28 February 2014: 0.703%)		
- Issue of bonus units	-	(111,358)
- Cash distribution	-	(15)
Distribution declared : Nil (28 March 2014: 0.622%)		
- Issue of bonus units	-	(94,072)
- Cash distribution	-	(7)
Distribution declared : Nil (29 April 2014: 0.683%)		
- Issue of bonus units	-	(106,138)
- Cash distribution	-	(8)
Distribution declared : Nil (28 May 2014: 0.683%)		
- Issue of bonus units	-	(107,270)
- Cash distribution	-	(8)
Distribution declared on 29 June 2015: 7.46% (26 June 2014: 0.663%)		
- Issue of bonus units	-	(90,515)
- Cash distribution	-	(8)
Total distributions	(345,229)	(1,098,514)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that forms part of unit holders fund - net	20,227	(1,523)
Net assets at end of the year	7,013,455	9,858,623
	(Rupees)	
Net assets value per unit at beginning of the year	10.0538	10.0389
Net assets value per unit at end of the year	10.1423	10.0538

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Cash Flow Statement For the year ended 30 June 2015

	Note	2015 (Rupees in '000)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		386,114	1,113,816
Adjustments:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		659	3,692
Amortisation of preliminary expenses and floatation costs		-	867
Element of (income) / loss and capital losses / (gains) included in prices of units issued less those in units redeemed - net		410,210	-
		<u>796,983</u>	<u>1,118,375</u>
Decrease / (increase) in assets			
Investments		5,096,501	(3,340,123)
Profit receivable		8,468	6,632
Advance, prepayment and other receivable		(34)	(12)
Receivable from a connected person		-	5,846,012
		<u>5,104,935</u>	<u>2,512,509</u>
Increase / (decrease) in liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		22,446	15,987
Payable to Central Depository Company of Pakistan Limited - Trustee		(306)	414
Payable to Securities and Exchange Commission of Pakistan		(3,119)	1,026
Accrued expenses and other liabilities		22,676	23,792
		<u>41,697</u>	<u>41,219</u>
Net cash generated from operating activities		<u>5,943,615</u>	<u>3,672,103</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issuance of units		13,083,563	12,959,262
Payment against redemption of units		(24,727,798)	(10,750,960)
Distributions paid		(66,883)	(140)
Net cash (used in) / from financing activities		<u>(11,711,118)</u>	<u>2,208,162</u>
Net (decrease) / increase in cash and cash equivalents		<u>(5,767,503)</u>	<u>5,880,265</u>
Cash and cash equivalents at beginning of the year		7,730,161	1,849,896
Cash and cash equivalents at end of the year	5	<u><u>1,962,658</u></u>	<u><u>7,730,161</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Notes to and forming part of the Financial Statements For the year ended 30 June 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Government Securities Liquid Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 10 April 2009 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 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds Association of Pakistan (MUFAP).

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 Fund is categorised as an Open-End "Money Market Scheme" as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

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

Title of 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 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 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for certain investments which are carried at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally related to:

NAFA GOVERNMENT SECURITIES LIQUID FUND

- Classification, valuation of investments and impairment thereagainst, if any (refer note 4.1 and note 6); and
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (refer note 4.9).

3 NEW OR AMENDMENTS / INTERPRETATION TO EXISTING STANDARD, INTERPRETATION AND FORTHCOMING REQUIREMENTS

3.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2014 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not stated in these financial statements.

3.2 New standards, amendments to approved accounting standards and a new interpretation to existing standard that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/ operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on the Fund's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on the Fund's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on the Fund's financial statements.

NAFA GOVERNMENT SECURITIES LIQUID FUND

Annual Improvements 2012-2014 cycles (amendments are effective for annual period beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

4.1 Financial assets

4.1.1 Classification

The Fund classifies its financial assets into the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Management Company determines the classification of its financial assets at initial recognition.

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the financial assets 'at fair value through profit or loss' category.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables and (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices.

All investments in the fund as at 30 June 2015 are classified as 'financial assets at fair value through profit and loss'.

4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

4.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the 'income statement'.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Subsequent to initial recognition financial assets classified as 'Loans and receivables' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.1.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. In case of debt instruments classified as available-for-sale, if any such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in unit holders fund through comprehensive income is reclassified from unit holders fund through other comprehensive income to income statement. Impairment losses recognised on debt instruments in the income statement are reversed subsequently from income statement to unit holders fund through comprehensive income.

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular 33 of 2012 dated 24 October 2012 issued by SECP.

As allowed under circular no. 13 of 2009 dated 4 May 2009 and circular 33 of 2012 dated 24 October 2012 issued by SECP the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision and its subsequent reversal is determined based on the provisioning criteria specified by SECP.

4.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.1.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs (formation cost) represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over a period of five years starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

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4.6 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Taxation

The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund has distributed more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders' every year.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in the income statement and on unrealized appreciation / (diminution) arising during the year on available for sale securities is included in the distribution statement.

4.9.1 Change in accounting estimate

From 1 April 2015, the Fund has revised its methodology for recognition of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed. As per the revised methodology, the element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed is now apportioned between the income statement and distribution statement in proportion of the relative change in net assets for the period of available for sale investments and other net assets. Previously, full amount of the element was taken directly to the distribution statement. The management considers that the revised methodology reflects a more appropriate manner for recognition of element and moreover is in conformity with the general industry practice. The new methodology is being consistently implemented across all funds managed by the Management Company. Management has treated the revision in methodology as change in accounting estimate. Had there been no change in estimate, the net profit for the year would have been higher by Rs. 402.006 million (net of WWF).

4.10 Earnings per unit

Earnings per unit (EPU) have not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

4.11 Net assets value per unit

The net assets value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.12 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'available for sale' investments are included in the other comprehensive income in the period in which they arise.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.
- Profit on bank deposits, term deposit receipts, reverse repo transactions and certificates of investments is recognised using the effective interest method.

NAFA GOVERNMENT SECURITIES LIQUID FUND

4.13 Proposed distribution

Dividend / distributions are recognised in the financial statements in the period in which such distributions are declared / approved.

5	BANK BALANCES	Note	2015	2014
		(Rupees in '000)		
	In current accounts		8,831	7,493,669
	In savings accounts	5.1	1,953,827	236,492
			<u>1,962,658</u>	<u>7,730,161</u>

5.1 These carry a rate of return ranging from 4.50% to 10.75% per annum (2014: 6.50% to 10.75% per annum).

5.2 These have been adjusted with cheques of Rs. 13.400 million issued on account of redemption of units and cheques of Rs. 11.393 million received on account of issuance of units at close of financial year which have cleared subsequent to year end.

6	INVESTMENTS	Note	2015	2014
		(Rupees in '000)		
Financial assets 'at fair value through profit or loss' - held for trading				
	Investment in government securities	6.1	3,024,546	8,121,706
			<u>3,024,546</u>	<u>8,121,706</u>

6.1 Investment in government securities

Issue date	Tenor	Face value				Market value as at June 30, 2015	Market value as a percentage of net assets	Market value as a percentage of total investment	
		As at July 1, 2014	Purchases during the year	Sales / matured during the year	As at June 30, 2015				
Market Treasury Bills ----- Rupees in '000 ----- % -----									
20 February 2014	6 Months	500,000	-	500,000	-	-	-	-	
06 March 2014	6 Months	1,200,000	-	1,200,000	-	-	-	-	
20 March 2014	6 Months	940,000	-	940,000	-	-	-	-	
20 March 2014	12 Months	-	3,525,000	3,525,000	-	-	-	-	
03 April 2014	6 Months	-	310,000	310,000	-	-	-	-	
17 April 2014	3 Months	1,249,000	-	1,249,000	-	-	-	-	
17 April 2014	6 Months	1,300,000	3,200,000	4,500,000	-	-	-	-	
17 April 2014	12 Months	-	3,900,000	3,900,000	-	-	-	-	
02 May 2014	12 Months	-	1,195,000	1,195,000	-	-	-	-	
15 May 2014	3 Months	2,498,500	3,750	2,502,250	-	-	-	-	
15 May 2014	6 Months	-	3,154,000	3,154,000	-	-	-	-	
15 May 2014	12 Months	-	3,995,000	3,995,000	-	-	-	-	
29 May 2014	3 Months	200,000	-	200,000	-	-	-	-	
12 June 2014	3 Months	357,400	221,000	578,400	-	-	-	-	
10 July 2014	3 Months	-	4,949,805	4,949,805	-	-	-	-	
24 July 2014	3 Months	-	3,300,000	3,300,000	-	-	-	-	
07 August 2014	3 Months	-	3,500,000	3,500,000	-	-	-	-	
04 September 2014	3 Months	-	2,432,000	2,432,000	-	-	-	-	
04 September 2014	6 Months	-	2,010,000	2,010,000	-	-	-	-	
02 October 2014	3 Months	-	144,000	144,000	-	-	-	-	
16 October 2014	3 Months	-	4,751,800	4,751,800	-	-	-	-	
30 October 2014	3 Months	-	1,594,900	1,594,900	-	-	-	-	
30 October 2014	6 Months	-	3,196,000	3,196,000	-	-	-	-	
13 November 2014	3 Months	-	1,908,700	1,908,700	-	-	-	-	
13 November 2014	6 Months	-	4,678,000	4,678,000	-	-	-	-	
27 November 2014	3 Months	-	493,000	493,000	-	-	-	-	
27 November 2014	6 Months	-	4,991,600	4,991,600	-	-	-	-	
11 December 2014	6 Months	-	1,357,935	1,357,935	-	-	-	-	
26 December 2014	3 Months	-	27,500	27,500	-	-	-	-	
26 December 2014	6 Months	-	50,500	50,500	-	-	-	-	
08 January 2015	3 Months	-	300,000	300,000	-	-	-	-	
08 January 2015	6 Months	-	1,295,000	800,000	495,000	494,153	7.05	16.34	
22 January 2015	3 Months	-	350,000	350,000	-	-	-	-	
22 January 2015	6 Months	-	2,000,000	2,000,000	-	-	-	-	
06 February 2015	3 Months	-	1,750,000	1,750,000	-	-	-	-	
06 February 2015	6 Months	-	750,000	750,000	-	-	-	-	
19 February 2015	6 Months	-	70,000	70,000	-	-	-	-	
05 March 2015	3 Months	-	1,837,500	1,837,500	-	-	-	-	
05 March 2015	6 Months	-	187,500	187,500	-	-	-	-	
19 March 2015	3 Months	-	2,468,680	2,468,680	-	-	-	-	
19 March 2015	6 Months	-	1,050,000	1,050,000	-	-	-	-	
02 April 2015	3 Months	-	5,327,700	5,327,700	-	-	-	-	
16 April 2015	3 Months	-	1,350,000	1,350,000	-	-	-	-	
16 April 2015	6 Months	-	250,000	250,000	-	-	-	-	
14 May 2015	3 Months	-	550,000	550,000	-	-	-	-	
28 May 2015	3 Months	-	242,500	187,500	55,000	54,470	0.78	1.80	
29 June 2015	6 Months	-	2,500,000	-	2,500,000	2,475,923	35.30	81.86	
			<u>8,244,900</u>	<u>81,168,370</u>	<u>86,363,270</u>	<u>3,050,000</u>	<u>3,024,546</u>	<u>43.13</u>	<u>100.00</u>
						<u>3,025,205</u>			
							<u>(659)</u>		

Carrying value before fair value adjustment as at 30 June 2015

Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

6.1.1 These carry a rate of return ranging from 6.50% to 10.20% (2014: 7.91% to 10.50%) per annum.

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
6.2 Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1	3,024,546	8,121,706
Less: Carrying value of investments	6.1	(3,025,205)	(8,125,398)
		<u>(659)</u>	<u>(3,692)</u>
7 PROFIT RECEIVABLE			
Savings accounts		<u>1,770</u>	<u>10,238</u>
8 RECEIVABLE / (PAYABLE) AGAINST CONVERSION OF UNITS			
At year end, units of Rs. 6,518.390 million have been issued and units of Rs. 4,010.427 million have been redeemed (conversion / switching of units) as per the instructions of units holders of the respective funds between funds managed by the Management Company. However, receivable and payable have been stated based on net settlement basis among funds made subsequent to year end (refer note 20.6).			
9 ADVANCE, PREPAYMENT AND OTHER RECEIVABLE			
Advance tax		3	3
Prepaid mutual fund rating fee		168	134
Receivable from the Management Company		6,980	6,980
		<u>7,151</u>	<u>7,117</u>
10 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance	10.1	-	867
Less: amortisation during the year		-	(867)
Balance at end of the year		<u>-</u>	<u>-</u>
10.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from 16 May 2009 as per the requirements set out in the Trust Deed of the Fund.		
11 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration	11.1	7,126	2,242
Sindh Sales Tax	11.1	1,239	416
Federal Excise Duty	11.2	38,501	21,762
		<u>46,866</u>	<u>24,420</u>
11.1	Under the provisions of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one percent per annum of the average annual net assets of the Fund for the current year. The remuneration is paid on a monthly basis in arrears. The Sindh Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax Act, 2011, which had been charged upto 30 June 2014. However, the rate has been changed to 15% effective from 01 July 2014.		
11.2	As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. The High Court of Sindh in its order dated 09 September 2013 granted stay to the various funds for the recovery of FED. As a matter of abundant caution, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 40.884 million out of which Rs. 2.383 million have been paid to the Management Company. Had the provision not been made, the net assets value (NAV) per unit of the fund as at 30 June 2015 would have been higher by Rs. 0.0591 per unit.		
12 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund. The remuneration is paid to the Trustee monthly in arrears.			

NAFA GOVERNMENT SECURITIES LIQUID FUND

The tariff structure applicable to the Fund is as follows:

Net Assets	Tariff per annum
Upto Rs 1,000 million	0.15% p.a of net assets
1,000 million to 10,000 million	Rs.1.5 million plus 0.075% p.a. of net assets exceeding Rs. 1,000 million
Over 10,000 million	Rs.8.25 million plus 0.06% p.a. of net assets exceeding Rs. 10,000 million

13 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as money market scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

Note 2015 2014
(Rupees in '000)

14 ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	14.1	115,239	107,359
Auditors' remuneration		429	356
Brokers		430	360
Bank charges		57	99
Withholding tax		4,740	888
Capital gain tax		10,820	-
Others		299	276
		<u>132,014</u>	<u>109,338</u>

14.1 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.

During 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 ended 30 June 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, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the 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 the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 115.239 million (including Rs. 7.880 million for the current year). Had the same not been made the net assets value per unit of the Fund as at 30 June 2015 would have been higher by Rs 0.1667 per unit.

15 CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 30 June 2015.

16 NUMBER OF UNITS IN ISSUE

	Note	2015	2014
		(Number of units)	
Total units in issue at beginning of the year		980,581,901	1,235,387,776
Add: Units issued	16.1	1,511,542,489	1,287,202,495
Add: Bonus units issued		-	109,417,874
Less: Units redeemed		(1,800,617,790)	(1,651,426,244)
Total Units in issue at end of the year		<u>691,506,600</u>	<u>980,581,901</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

16.1 This includes 6,139,611 units issued against Dividend Reinvestment Plan amounting to Rs. 62.270 million, net of taxation.

17 AUDITORS' REMUNERATION	2015	2014
	(Rupees in '000)	
Audit fee	332	320
Half yearly review	133	128
Out of pocket expenses and others including government levy	134	55
	599	503

18 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders. The Board of Directors of the Management Company in their meeting held on 29 June 2015 has distributed more than ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders. Accordingly, no provision has been made in these financial statements.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	-----June 30,2015-----		
	Loans and receivables	At fair value through profit or loss	Total
	------(Rupees in '000)-----		
Assets			
Bank balances	1,962,658	-	1,962,658
Investments	-	3,024,546	3,024,546
Profit receivable	1,770	-	1,770
Receivable against conversion of units	2,514,448	-	2,514,448
Other receivable	6,980	-	6,980
	4,485,856	3,024,546	7,510,402
	-----June 30,2015-----		
	At fair value through profit or loss	At Amortized Cost	Total
	------(Rupees in '000)-----		
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	46,866	46,866
Payable to Central Depository Company of Pakistan Limited -Trustee	-	590	590
Payable against redemption of units	-	25,282	25,282
Payable against conversion of units	-	6,485	6,485
Dividend payable	-	278,346	278,346
Accrued expenses and other liabilities	-	1,215	1,215
	-	358,784	358,784
	-----June 30,2014-----		
	Loans and receivables	At fair value through profit or loss	Total
	------(Rupees in '000)-----		
Assets			
Bank balances	7,730,161	-	7,730,161
Investments	-	8,121,706	8,121,706
Profit receivable	10,238	-	10,238
Other receivable	6,980	-	6,980
	7,747,379	8,121,706	15,869,085
	-----June 30,2014-----		
	At fair value through profit or loss	At Amortized Cost	Total
	------(Rupees in '000)-----		
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	24,420	24,420
Payable to Central Depository Company of Pakistan Limited -Trustee	-	896	896
Payable against redemption of units	-	5,865,291	5,865,291
Accrued expenses and other liabilities	-	1,091	1,091
	-	5,891,698	5,891,698

NAFA GOVERNMENT SECURITIES LIQUID FUND

20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 20.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.
- 20.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 20.3 Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 20.4 The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

20.5 Transactions during the year:	2015	2014
	(Rupees in '000)	
NBP Fullerton Asset Management Limited - Management Company		
Issue of 34,562,463 units (2014: 24,220,769 units)	360,921	244,000
Redemption of 42,306,868 units (2014: 21,635,417 units)	443,740	218,340
Bonus units issued: Nil (2014: 1,252,371 units)	-	-
Remuneration of the Management Company	104,610	146,976
Sindh Sales Tax on management remuneration	18,202	27,379
Federal Excise Duty on management remuneration	16,739	23,516
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	8,240	10,773
National Bank of Pakistan - Sponsor		
Units issued: Nil (2014: 300,147,114 units)	-	3,015,458
Redemption of 363,792,834 units (2014: 602,315,448 units)	3,689,732	6,055,272
Bonus units issued: Nil (2014: 48,326,901 units)	-	-
Market treasury bills purchased	1,440,848	14,388,508
Market treasury bills sold	4,628,825	14,472,410
Placement of term deposit receipts	-	2,500,000
Profit earned by the fund on saving account	10	1,279
Profit earned by the fund on term deposit receipts	-	37,890
Chief Executive Officer		
Issue of 20,613 units (2014: 99,347 units)	209	1,000
Units redeemed: Nil (2014: 3,535 units)	-	36
Bonus units issued: Nil (2014: 16,285 units)	-	-
Chief Financial Officer		
Issue of 3,105 units (2014: 49,688 units)	31	500
Units redeemed: Nil (2014: 50,982 units)	-	513
Bonus units issued: Nil (2014: 4,751 units)	-	-
NAFA Provident Fund Trust - Provident Fund		
Issue of 154,582 units (2014: 245,365 units)	1,567	2,475
Redemption of 154,582 units (2014: 766,050 units)	1,572	7,711
Bonus units issued: Nil (2014: 27,519 units)	-	-
Employees of the Management Company		
Issue of 2,818,796 units (2014: 2,990,563 units)	29,307	30,146
Redemption of 2,391,289 units (2014: 3,256,388 units)	25,332	32,874
Bonus units issued: Nil (2014: 44,173 units)	-	-
Mr. Kamal A. Chinoy - Director		
Bonus units issued: Nil (2014: 6,447 units)	-	-
Redemption of 87,466 units (2014: Nil)	926	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

	2015	2014
	(Rupees in '000)	
Aamir Sattar - Director		
Bonus units issued: Nil (2014: 3,885 units)	-	-
Units redeemed: Nil (2014: 57,483 units)	-	579
NBP Employees Pension Fund		
Issue of 1,152,627 units (2014: Nil)	11,690	-
Bonus units issued: Nil (2014: 1,154,984 units)	-	-
NBP Endowment Funds Students Loan Scheme		
Issue of 972,628 units (2014: 941,788 units)	9,865	9,500
Redemption of 7,126,307 units (2014: 15,658,246 units)	75,500	158,000
Bonus units issued: Nil (2014: 2,123,058 units)	-	-
NBP Exchange Company Limited		
Issue of 29,250,090 units (2014: 15,402,173 units)	299,694	155,080
Redemption of 25,109,163 units (2014: Nil)	268,723	-
Bonus units issued: Nil (2014: 934,726 units)	-	-
NBP Leasing Limited Employees' Provident Fund		
Issue of 146,295 units (2014: 111,740 units)	1,535	1,125
Redemption of 96,324 units (2014: 125,355 units)	1,019	1,262
Bonus units issued: Nil (2014: 3,424 units)	-	-
International Industries Limited - Employees' Provident Fund		
Issue of 315,519 units (2014: 494,862 units)	3,207	4,993
Redemption of 2,148,656 units (2014: 999,839 units)	22,312	10,078
Bonus units issued: Nil (2014: 171,024 Units)	-	-
Market treasury bills purchased	-	94,624
Market treasury bills sold	-	7,951
International Industries Limited - Employees' Gratuity Fund		
Issue of 2,022,923 units (2014: 1,303,597 units)	20,950	13,140
Redemption of 3,800,656 units (2014: 5,469,232 units)	39,898	55,042
Bonus units issued: Nil (2014: 279,983 units)	-	-
Market treasury bills purchased	-	111,808
Market treasury bills sold	-	66,681
International Steels Limited - Employees' Provident Fund		
Issue of 289,768 units (2014: 209,257 units)	2,930	2,110
Redemption of 688,435 units (2014: 303,293 units)	7,081	3,058
Bonus units issued: Nil (2014: 35,489 units)	-	-
Market treasury bills purchased	10,769	13,781
International Steels Limited - Employees' Gratuity Fund		
Issue of 179,834 units (2014: 326,742 units)	1,828	3,296
Redemption of 396,476 units (2014: 642,495 units)	4,087	6,469
Bonus units issued: Nil (2014: 29,801 units)	-	-
Market treasury bills purchased	2,261	10,869
Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund		
Market treasury bills purchased	-	-
Market treasury bills sold	-	189,011
		43,796
Cherat Cement Company Limited		
Issue of 11,037,238 units (2014: Nil)	111,944	-
Thal Limited Employees' Provident Fund		
Market treasury bills purchased	45,400	509,397
Market treasury bills sold	-	11,442
Thal Limited Employees' Retirement Benefit Fund		
Market treasury bills purchased	3,932	-
Market treasury bills sold	-	499
NAFA Savings Plus Fund		
Market treasury bills purchased	-	197,419

NAFA GOVERNMENT SECURITIES LIQUID FUND

	2015	2014
	(Rupees in '000)	
NAFA Financial Sector Income Fund		
Market treasury bills purchased	-	425,292
NAFA Income Fund		
Market treasury bills purchased	98,943	-
NAFA Money Market Fund		
Market treasury bills purchased	2,842,265	847,030
Market treasury bills sold	1,545,183	1,797,352
NAFA Income Opportunity Fund		
Market treasury bills purchased	239,491	60,603
Mutual Funds Association of Pakistan - MUFAP		
Issue of 689,879 units (2014: Nil)	7,000	-
Redemption of 689,879 units (2014: Nil)	7,215	-
Taurus Securities Limited		
Issue of 1,876,049 units (2014: Nil)	20,000	-
Redemption of 1,876,049 units (2014: Nil)	20,378	-
Summit Bank Limited		
Bank profit earned	-	432
Market treasury bills purchased	-	769,296
Market treasury bills sold	-	998,145
THAL Limited - Treasury Division		
Units issued: Nil (2014: 12,430,018 units)	-	125,000
Units redeemed: Nil (2014: 34,811,384 units)	-	349,725
Bonus units issued: Nil (2014: 1,058,357 units)	-	-
KAPCO Employees' Pension Fund		
Market treasury bills purchased	-	5,944
KAPCO Employees' Provident Fund		
Market treasury bills purchased	-	2,477
Pakistan Petroleum Limited		
Issue of units: Nil (2014: 62,516,125 units)	-	630,000
Bonus units issued: Nil (2014: 7,534,666 units)	-	-
Byco Oil Pakistan Limited - Employees' Provident Fund		
Market treasury bills purchased	30,683	-
Byco Petroleum Pakistan Limited - Employees' Provident Fund		
Market treasury bills purchased	37,609	-
Millat Tractor Limited Employees Pension Fund		
Market treasury bills purchased	28,984	-
Maple Leaf Cement Factory Limited Employees Provident Fund		
Market treasury bills purchased	2,489	-
Getz Pharma Private Limited.		
Issue of 187,853,393 units (2014: Nil)	1,921,286	-
Redemption of 43,933,385 units (2014: Nil)	477,578	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

20.6 Amounts outstanding at year end	2015	2014
	(Rupees in '000)	
NBP Fullerton Asset Management Limited - Management Company		
10,615,271 units held (2014: 18,359,676 units)	107,663	184,585
Receivable from the Management Company	6,980	6,980
Management remuneration payable	7,126	2,242
Sindh Sales Tax payable	1,239	416
Federal Excise Duty payable	38,501	21,762
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	590	896
National Bank of Pakistan - Sponsor		
Units held: Nil (2014: 363,792,834 units)	-	3,657,500
Balance in current account	2,474	1,976
Balance in savings account	490	215
Cash dividend payable	271,389	-
Payable against redemption of units	3,689,732	5,855,272
Chief Executive Officer		
331,995 units held (2014: 311,382 units)	3,367	3,131
Chief Financial Officer		
50,004 units held (2014: 46,899 units)	507	472
Mr. Kamal A. Chinoy - Director		
Units held: Nil (2014: 87,466 units)	-	879
Employees of the Management Company		
763,892 units held (2014: 336,385 units)	7,748	3,382
NBP Employees Pension Fund		
16,823,405 units held (2014: 15,670,778 units)	170,628	157,551
NBP Endowment Funds Students Loan Scheme		
14,196,197 units held (2014: 20,349,876 units)	143,982	204,594
NBP Exchange Company Limited		
20,477,826 units held (2014: 16,336,899 units)	207,692	164,248
NBP Leasing Limited Employees Provident Fund		
49,971 units held (2014: Nil)	507	-
Cherat Cement Company Limited		
11,037,238 units held (2014: Nil)	111,943	-
International Steels Limited - Employees' Provident Fund		
Units held: Nil (2014: 398,667 units)	-	4,008
International Steels Limited - Employees' Gratuity Fund		
Units held: Nil (2014: 216,642 units)	-	2,178
International Industries Limited - Employees' Gratuity Fund		
Units held: Nil (2014: 1,777,733 units)	-	17,873
International Industries Limited - Employees' Provident Fund		
Units held: Nil (2014: 1,833,137 units)	-	18,430
Getz Pharma (Pvt.) Limited.		
143,920,009 units held (2014: Nil)	1,459,680	-
Pakistan Petroleum Limited		
Units held: Nil (2014: 127,215,099 units)	-	1,278,995
Summit Bank Limited		
Balance in current account	6,357	9,747
NAFA Asset Allocation Fund		
Net receivable against conversion of units	22,636	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

	2015 (Rupees in '000)	2014
NAFA Financial Sector Income Fund		
Net receivable against conversion of units	126,228	-
NAFA Income Opportunity Fund		
Net receivable against conversion of units	1,531	-
NAFA Islamic Stock Fund		
Net receivable against conversion of units	3,858	-
NAFA Money Market Fund		
Net receivable against conversion of units	2,188,358	-
NAFA Riba Free Savings Fund		
Net receivable against conversion of units	9,456	-
NAFA Savings Plus Fund		
Net receivable against conversion of units	162,381	-
NAFA Stock Fund		
Payable against conversion of units	55	-
NAFA Government Securities Savings Fund		
Payable against conversion of units	52	-
NAFA Islamic Asset Allocation Fund		
Payable against conversion of units	6,378	-

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S. No	Name	Qualification	Experience in years"
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	27
2	Sajjad Anwar	CFA / MBA Finance	15
3	Syed Suleman Akhtar	CFA	15
4	Muhammad Ali Bhabha*	MBA / MS (CS) / CFA / FRM	20.5

*Mr. Muhammad Ali Bhabha is the Fund manager. He is also managing NAFA Income Fund and NAFA Savings Plus Fund.

22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

	2015 (%)
1. Invest & Finance Securities Private Limited.	21.87
2. Next Capital Limited.	15.32
3. Invest Capital Markets Limited.	9.41
4. Global Securities Pakistan Limited.	8.65
5. BMA Capital Management Limited.	7.29
6. Summit Capital Private Limited.	6.18
7. Vector Capital Private Limited.	6.15
8. KASB Securities Limited.	5.92
9. C & M Management Private Limited.	5.05
10. Invest One Markets Limited.	7.59
	2014 (%)
1. Invest Capital Markets Limited.	18.43
2. J.S. Global Capital Limited.	13.09
3. Invest & Finance Securities Private Limited.	11.61
4. BMA Capital Management Limited.	9.49
5. Invest One Markets Limited.	12.9
6. Icon Securities Private Limited.	6.37
7. KASB Securities Limited.	6.1
8. Vector Capital Private Limited.	4.61
9. Elixir Securities Pakistan Private Limited.	3.21
10. Summit Capital Private Limited.	3.09

NAFA GOVERNMENT SECURITIES LIQUID FUND

23 PATTERN OF UNIT HOLDING

-----As at June 30, 2015-----

Category	Number of unit holders	Investment amount	Percentage of Investments
		(Rupees in '000)	----%----
Individuals	1,406	1,084,213	15.46
Retirement Funds	16	157,927	2.25
Insurance companies	2	50,013	0.71
Associated Companies	7	630,472	8.99
Bank	1	94,580	1.35
Other Corporate	4	51,580	0.74
Others	73	4,944,670	70.50
	1,509	7,013,455	100.00

-----As at June 30, 2014-----

Category	Number of unit holders	Investment amount	Percentage of Investments
		(Rupees in '000)	----%----
Individuals	1,468	911,330	9.24
Retirement Funds	26	549,697	5.57
Insurance companies	6	515,550	5.23
Associated Companies	3	3,662,206	37.15
Asset Management Company	1	41,117	0.42
Bank	1	666,020	6.76
Other Corporate	51	2,803,108	28.43
Others	40	709,595	7.20
	1,596	9,858,623	100.00

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 48th, 49th, 50th, 51st, 52nd and 53rd Board meetings were held on 16 September 2014, 30 October 2014, 17 February 2015 and 21 April 2015, 29 June 2015 and 30 June 2015 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Nausherwan Adil	6	3	3	50th, 52nd & 53rd meeting
Mr. Aamir Sattar	6	5	1	51st meeting
Mr. Abdul Hadi Palekar	6	5	1	49th meeting
Mr. Wah Geok Sum*	3	-	3	48th, 49th & 50th meeting
Mr. Koh Boon San	6	4	2	52nd & 53rd meeting
Mr. Nigel Poh Cheng**	2	2	-	-
Mr. Shehryar Faruque	6	5	1	52nd meeting
Mr. Kamal Amir Chinoy	6	4	2	50th & 51st meeting
Dr. Amjad Waheed	6	6	-	-

* Mr. Wah Geok Sum retired from Board with effect from 17 February 2015.

** Mr. Nigel Poh Cheng was co-opted on the Board with effect from 17 February 2015.

25 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, offering document of the Fund in addition to Fund's internal risk management policies.

NAFA GOVERNMENT SECURITIES LIQUID FUND

The Fund primarily invests in a portfolio of money market investments such as government securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

25.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

Management of market risk

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

25.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

25.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk.

(b) Sensitivity analysis for fixed rate instruments

As at 30 June 2015, the Fund holds Market treasury bills classified as financial assets 'at fair value through profit or loss', exposing the Fund to fair value interest rate risk. In case of 100 basis point increase in rates announced by the Financial Markets Associate of Pakistan on 30 June 2015 with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 3.606 million (2014: Rs.15.167 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan are expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2015 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

-----As at June 30, 2015-----					
Yield / interest rate	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		
------(Rupees in '000)-----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	4.50% - 10.75%	1,953,827	-	8,831	1,962,658
Investments	6.50% - 10.20%	548,623	2,475,923	-	3,024,546
Profit receivable		-	-	1,770	1,770
Receivable against conversion of units		-	-	2,514,448	2,514,448
Other receivable		-	-	6,980	6,980
		2,502,450	2,475,923	2,532,029	7,510,402
Financial Liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	46,866	46,866
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	590	590
Payable against redemption of units		-	-	25,282	25,282
Payable against conversion of units		-	-	6,485	6,485
Dividend payable		-	-	278,346	278,346
Accrued expenses and other liabilities		-	-	1,215	1,215
		-	-	358,784	358,784
On-balance sheet gap		2,502,450	2,475,923	2,173,245	7,151,618
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		2,502,450	2,475,923	2,173,245	7,151,618
Cumulative interest rate sensitivity gap		2,502,450	4,978,373	4,978,373	

NAFA GOVERNMENT SECURITIES LIQUID FUND

-----As at June 30, 2014-----

Yield / interest rate	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		

On balance sheet financial instruments

------(Rupees in '000)-----

Financial Assets

Bank balances	6.50% - 10.75%	236,492	-	-	7,730,161
Investments	7.91% - 10.50%	6,858,958	1,262,748	-	8,121,706
Profit receivable		-	-	-	10,238
Other receivable		-	-	-	6,980
		<u>7,095,450</u>	<u>1,262,748</u>	<u>-</u>	<u>15,869,085</u>

Financial Liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	-	24,420
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	896
Payable against redemption of units		-	-	-	5,865,291
Accrued expenses and other liabilities		-	-	-	1,091
		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,891,698</u>

On balance sheet gap

	<u>7,095,450</u>	<u>1,262,748</u>	<u>-</u>	<u>9,977,387</u>
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Off balance sheet financial instruments

	-	-	-	-
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Off balance sheet gap

	-	-	-	-
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Total interest rate sensitivity gap

	<u>7,095,450</u>	<u>1,262,748</u>	<u>-</u>	<u>9,977,387</u>
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Cumulative interest rate sensitivity gap

	<u>7,095,450</u>	<u>8,358,198</u>	<u>8,358,198</u>	
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25.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to any price risk as no equity securities are held by the Fund as at 30 June 2015.

25.5 Credit risk

Credit risk arising from the inability of the counterparties to fulfill their obligations in respect of financial instrument contracts, is generally limited to the principal amount and accrued income thereon.

Management of credit risk

The Fund's policy is to enter into financial contracts with reputable counterparties in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. The IC closely monitors the credit worthiness of the Fund's counterparties (e.g., issuer of the instruments, brokers, banks, etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis. In addition the credit risk is also minimized due to the fact that the Fund only invests in the high quality financial assets government securities. All transactions in government / debt securities are settled / paid upon delivery. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by reputable brokers or the transactions are carried with counter parties of high reputation. Further, bank accounts are held only with reputable banks.

Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mostly concentrated in government securities and deposits held with commercial banks.

The analysis below summarises the credit quality of the Fund's financial assets as at 30 June 2015.

Bank balances	2015	2014
	(Rupees in '000)	
AAA	6,400	7,626,247
AA+	1,860,763	18,826
AA	68,108	73,152
AA-	21,030	1,259
A-	-	9,747
A	6,357	930
	<u>1,962,658</u>	<u>7,730,161</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

25.6 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

Management of liquidity risk

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

Maturity analysis for financial liabilities

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

-----As at June 30, 2015-----

	Total	Upto three months	Over three months and upto one year	Over one year
	(Rupees in '000)			
Financial Liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	46,866	46,866	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	590	590	-	-
Payable against redemption of units	25,282	25,282	-	-
Payable against conversion of units	6,485	6,485	-	-
Dividend payable	278,346	278,346	-	-
Accrued expenses and other liabilities	1,215	1,215	-	-
	<u>358,784</u>	<u>358,784</u>	-	-
Unit holders' fund	<u>7,013,455</u>	<u>7,013,455</u>	-	-

-----As at June 30, 2015-----

	Total	Upto three months	Over three months and upto one year	Over one year
	(Rupees in '000)			
Financial Liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	24,420	24,420	-	-
Payable to Central Depository Company of Pakistan Limited -Trustee	896	896	-	-
Payable against redemption of units	5,865,291	5,865,291	-	-
Accrued expenses and other liabilities	1,091	1,091	-	-
	<u>5,891,698</u>	<u>5,891,698</u>	-	-
Unit holders' fund	<u>9,858,623</u>	<u>9,858,623</u>	-	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date. The Fund does not hold any securities that are based on quoted market prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets (e.g. Treasury bills) that are not traded in an active market is determined with reference to the rates quoted by Financial Market Association of Pakistan. The fair value quoted by MUFAP is calculated in accordance with valuation methodology prescribed by Circular 33 of 2012 issued by the Securities and Exchange Commission of Pakistan (SECP).

If a security is not quoted by MUFAP due to it being 'non-performing status', its values is determined by applying discount in accordance with Circular No. 33 of 2012 issued by the SECP.

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

IFRS 7, 'Financial instruments: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	-----June 30, 2015-----			
	Level 1	Level 2	Level 3	Level 4
	------(Rupees in '000)-----			
Assets				
Investment in securities - at fair value through profit or loss	-	3,024,546	-	3,024,546

	-----June 30, 2015-----			
	Level 1	Level 2	Level 3	Level 4
	------(Rupees in '000)-----			
Assets				
Investment in securities - at fair value through profit or loss	-	8,121,706	-	8,121,706

27 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 25, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 30, 2015.

29 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010
Net assets at the year / period ended (Rs '000)	7,013,455	9,858,623	12,401,926	14,772,225	10,810,434	5,805,378
Net income for the year / period ended (Rs '000)	386,114	1,113,816	1,073,565	1,484,481	1,082,828	486,027
Net Asset Value per unit at the year / period ended (Rs)	10.1423	10.0538	10.0389	10.0523	10.3594	10.2742
Offer Price per unit at year end	10.1423	10.0538	10.0389	10.0523	10.0837	10.0241
Redemption Price per unit at year end	10.1423	10.0538	10.0389	10.0523	10.0837	10.0241
Highest offer price per unit (Rs)	10.1424	10.0538	10.0389	10.0523	10.3594	10.2742
Lowest offer price per unit (Rs)	9.3685	9.2998	9.2414	8.8265	9.2965	9.2981
Highest redemption price per unit (Rs)	10.1424	10.0538	10.0389	10.0523	10.3594	10.2742
Lowest redemption price per unit (Rs)	9.3685	9.2998	9.2414	8.8265	9.2965	9.2981
Opening Nav of Fiscal Year	9.3648	9.2990	9.2390	9.0649	9.2939	9.2954
Total return of the fund	8.30%	8.12%	8.66%	10.89%	11.46%	10.53%
Capital growth	0.33%	-0.17%	-0.55%	-1.01%	0.14%	-0.23%
Income distribution as a % of ex nav	7.97%	8.29%	9.20%	11.90%	11.33%	10.76%
Income distribution as a % of par value	7.46%	7.71%	8.50%	10.79%	10.53%	10.00%
Distribution						
Interim distribution per unit	0.746	0.771	0.8504	1.0789	0.7769	0.7503
Final distribution per unit	-	-	-	-	0.2757	0.2501
Distribution Dates						
Interim		30-Jul-13	30-Jul-12	2-Aug-11	18-Oct-10	28-Oct-09
Interim		29-Aug-13	28-Aug-12	6-Sep-11	18-Feb-11	17-Feb-10
Interim		27-Sep-13	28-Sep-12	3-Oct-11	19-Apr-11	29-Apr-10
Interim		29-Oct-13	30-Oct-12	2-Nov-11		
Interim		28-Nov-13	28-Nov-12	2-Dec-11		
Interim		27-Dec-13	28-Dec-12	3-Jan-12		
Interim		29-Jan-14	29-Jan-13	30-Jan-12		
Interim		28-Feb-14	27-Feb-13	28-Feb-12		
Interim		28-Mar-14	28-Mar-13	29-Mar-12		
Interim		29-Apr-14	29-Apr-13	27-Apr-12		
Interim		28-May-14	29-May-13	30-May-12		
Interim	29-Jun-15	26-Jun-14	28-Jun-13	27-Jun-12		
Final	-	-	-	-	4-Jul-11	5-Jul-10
Average annual return of the fund (launch date May 16, 2009)						
(Since inception to June 30, 2015)	9.70%					
(Since inception to June 30, 2014)		9.97%				
(Since inception to June 30, 2013)			10.42%			
(Since inception to June 30, 2012)				10.99%		
(Since inception to June 30, 2011)					11.05%	
(Since inception to June 30, 2010)						10.68%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	19 Days	46 Days	09 Days	35 days	43 days	46 days








Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up



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