


## 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. Shahid Anwar Khan	Chairman
Mr. Amir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Asif A. Brohi	Director
Dr. Amjad Waheed	Chief Executive Officer

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Koh Boon San	Chairman
Mr. Shehryar Faruque	Member
Mr. Amir Shehzad	Member

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main Shahra-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  
KASB Bank Limited  
Standard Chartered Bank (Pak) Limited  
Barclays Bank Plc 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:**

7<sup>th</sup> 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.  
Contact: 042-35914272

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

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# NAFA GOVERNMENT SECURITIES LIQUID FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Government Securities Liquid Fund for the half year ended December 31, 2012.

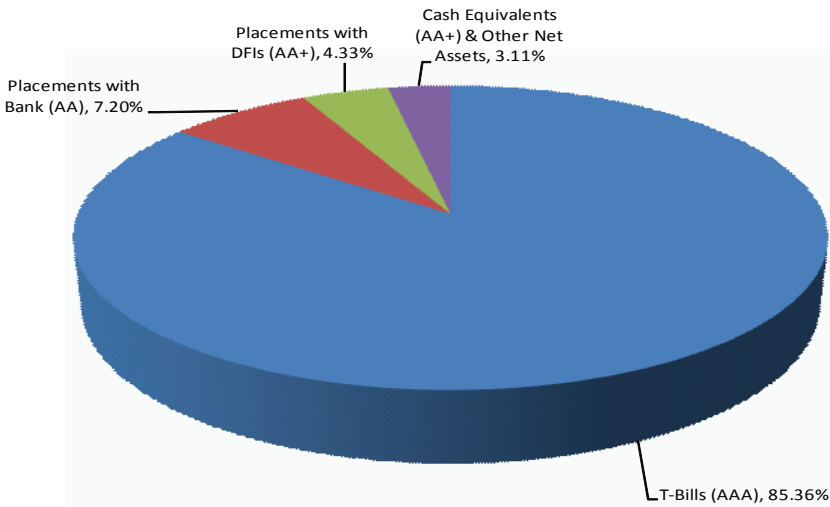
### Fund's Performance

The Fund size of NAFA Government Securities Liquid Fund reduced from Rs. 14,772 million to Rs. 13,873 million during the period, i.e. a decline of 6.09%. During the said period, the unit price of the Fund increased from Rs. 9.6059 (Ex-Div) on June 30, 2012 to Rs. 10.0535 on December 31, 2012, thus showing an annualized return of 9.24% as compared to its Benchmark (70% 3-Month T-Bills & 30% average 3-Month deposit rate of 'AA' & above rated banks) return of 9.04%.

NGSLF's Fund stability rating is 'AAA(f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. NGSLF has followed the following guidelines (i) allocates a minimum of 85% to Government Securities; and (ii) maintains maximum maturity of a single T-Bill to three months. The Fund is categorized as a Money Market Scheme.

The management is announcing monthly dividends since July 2011 and intends to continue this policy in the future as well.

The Fund has earned total income of Rs.789.88 million during the period. After deducting expenses of Rs.132.20 million, the net income is Rs.657.68 million. The asset allocation of the Fund as on December 31, 2012 is as follows:



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 4.56% of opening ex-NAV (4.581% of the par value) during the period.

## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 26, 2013  
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) 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 six months period ended December 31, 2012 in accordance with the provisions of the following:

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

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

Karachi: February 28, 2013

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Report on review of Condensed Interim Financial Information to the Unit Holders

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Government Securities Liquid Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

### *Other matters*

The figures for the three months period ended 31 December 2012 and 2011 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The condensed interim financial information of the Fund for the six months period ended 31 December 2011 and financial statements for the year ended 30 June 2012 were reviewed and audited by another firm of auditors whose reports dated 28 February 2012 and 26 September 2012 expressed an unqualified conclusion and opinion thereon respectively.

Date: February 26, 2013

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mohammad Nadeem



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Condensed Interim Statement of Assets and Liabilities As at 31 December 2012

	Note	31 December 2012 (Unaudited)	30 June 2012 (Audited)
------(Rupees in '000)-----			
<b>Assets</b>			
Bank balances	6	1,539,833	1,556,170
Investments	7	12,441,779	13,319,080
Profit receivable	8	10,713	50,810
Advances, prepayments and other receivables		7,003	7,093
Preliminary expenses and floatation costs		1,358	1,858
<b>Total assets</b>		<b>14,000,686</b>	<b>14,935,011</b>
<b>Liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		17,458	19,201
Payable to the Central Depository Company		968	1,056
Payable to Securities and Exchange Commission of Pakistan		5,449	10,894
Payable on redemption of units		26,614	25,511
Accrued expenses and other liabilities	9	77,385	106,124
<b>Total liabilities</b>		<b>127,874</b>	<b>162,786</b>
<b>Net Assets</b>		<b>13,872,812</b>	<b>14,772,225</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>13,872,812</b>	<b>14,772,225</b>
<b>Contingency and commitment</b>	10		
<b>Number of units in issue</b>		<b>1,379,905,233</b>	<b>1,469,543,330</b>
		<b>Rupees</b>	
<b>Net assets value per unit</b>		<b>10.0535</b>	<b>10.0523</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Condensed Interim Income Statement (Unaudited) For the six months and three months period ended 31 December 2012

	Note	Six month period ended		Three month period ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----					
<b>Income</b>					
Capital gain on sale of investments - net		13,736	1,618	3,892	2,128
Income from government securities		685,800	605,888	300,012	307,572
Income from term deposit receipts		20,522	55,187	7,832	20,108
Income from money market placements		44,901	139,658	23,763	79,887
Profit on bank deposits		25,262	18,429	15,724	9,928
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(339)	(7,290)	2,070	(3,241)
<b>Total Income</b>		<b>789,882</b>	<b>813,490</b>	<b>353,293</b>	<b>416,382</b>
<b>Expenses</b>					
Remuneration of NBP Fullerton Asset Management Limited - Management Company		90,815	80,401	44,321	42,613
Sindh sales tax on management fee		14,530	12,865	7,091	6,819
Remuneration of the Trustee		5,827	5,201	2,848	2,745
Annual fee to Securities and Exchange Commission of Pakistan		5,449	4,824	2,659	2,557
Securities transaction cost		769	2,201	182	1,138
Bank charges		468	701	192	439
Annual listing fee		20	20	10	10
Stability rating fee		110	100	55	50
Auditors' remuneration		272	248	150	124
Amortisation of preliminary expenses and floatation costs		500	498	251	249
Other charges		15	-	15	-
<b>Total expenses</b>		<b>118,775</b>	<b>107,059</b>	<b>57,774</b>	<b>56,744</b>
<b>Net income from operating activities</b>		<b>671,107</b>	<b>706,431</b>	<b>295,519</b>	<b>359,638</b>
Provision for workers' welfare fund	11	(13,422)	(14,133)	(5,910)	(7,197)
<b>Net income for the period before taxation</b>		<b>657,685</b>	<b>692,298</b>	<b>289,609</b>	<b>352,441</b>
Taxation	12	-	-	-	-
<b>Net income for the period after taxation</b>		<b>657,685</b>	<b>692,298</b>	<b>289,609</b>	<b>352,441</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Condensed Interim Statement of Comprehensive Income (Unaudited) For the six months and three months period ended 31 December 2012

	Six month period ended		Three month period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	------(Rupees in '000)-----			
Net income for the period after taxation	657,685	692,298	289,609	352,441
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>657,685</u>	<u>692,298</u>	<u>289,609</u>	<u>352,441</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Condensed Interim Distribution Statement (Unaudited) For the six months and three months period ended 31 December 2012

	Six month period ended		Three month period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
Undistributed income brought forward	27,102	361,079	32,729	179,921
Final distribution for the year ended 30 June 2012: Nil% (2011: 2.757% per unit) (Date of distribution: 4 July 2011)				
- Bonus Units	-	(267,810)	-	-
- Cash distribution	-	(19,861)	-	-
	-	(287,671)	-	-
Net income for the period after taxation	657,685	692,298	289,609	352,441
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing loss that form part of the unit holders' funds	(9,318)	37,102	(1,893)	51,805
Interim distributions during the period				
- Re 0.0844 per unit declared on 25 July 2012				
- Cash distribution	(34,305)	-	-	-
- Issue of bonus Units	(91,009)	-	-	-
- Re 0.0824 per unit declared on 27 August 2012 (2012: Re 0.0908 per unit declared on 02 August 2011)				
- Cash distribution	(33,492)	(6,685)	-	-
- Issue of bonus Units	(87,139)	(103,576)	-	-
- Re 0.0804 per unit declared on 28 September 2012 (2012: Re 0.0908 per unit declared on 06 September 2011)				
- Cash distribution	(32,678)	(7,440)	-	-
- Issue of bonus Units	(76,401)	(100,940)	-	-
- Re 0.0754 per unit declared on 30 October 2012 (2012: Re 0.0908 per unit declared on 03 October 2011)				
- Cash distribution	(19)	(6,988)	(19)	(6,988)
- Issue of bonus Units	(104,655)	(84,617)	(104,655)	(84,617)
- Re 0.0704 per unit declared on 28 November 2012 (2012: Re 0.0928 per unit declared on 02 November 2011)				
- Cash distribution	(49)	(53,081)	(49)	(53,081)
- Issue of bonus Units	(97,253)	(87,115)	(97,253)	(87,115)
- Re 0.0653 per unit declared on 28 December 2012 (2012: Re 0.0887 per unit declared on 02 December 2011)				
- Cash distribution	(45)	(47,897)	(45)	(47,897)
- Issue of bonus Units	(89,673)	(75,674)	(89,673)	(75,674)
	(646,718)	(574,013)	(291,694)	(355,372)
<b>(Accumulated loss) / Undistributed income carried forward</b>	<b>28,751</b>	<b>228,795</b>	<b>28,751</b>	<b>228,795</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Condensed Interim Statement of Movement In Unit Holders' Funds (Unaudited) For the six months and three months period ended 31 December 2012

	Six month period ended		Three month period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
<b>Net assets at beginning of the period</b>	14,772,225	10,810,434	13,612,042	10,312,460
Issue of 596,805,136 units (2011: 1,415,761,954 units)	6,015,806	14,386,356	2,618,942	10,343,739
Redemption of 740,792,190 units (2011: 995,375,921 units)	(7,472,316)	(10,111,202)	(2,647,668)	(5,264,740)
Issue of bonus units: 54,339,006 (2011: 71,281,876 bonus units)	546,130	719,732	291,581	247,406
	(910,380)	4,994,886	262,855	5,326,405
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing loss that form part of the unit holders' fund - net	(9,318)	37,102	(1,893)	51,805
<b>Total comprehensive income for the period</b>	657,685	692,298	289,609	352,441
Final distribution for the period ended 30 June 2012: Nil [(2011: 2.757%) (Date of distribution: 04 July 2011)]	-	(267,810)	-	-
- Bonus units	-	(19,861)	-	-
- Cash Distribution	-	(287,671)	-	-
<b>Interim distributions during the period</b>				
- Re 0.0844 per unit declared on 25 July 2012	(34,305)	-	-	-
- Cash distribution	(91,009)	-	-	-
- Issue of bonus Units				
- Re 0.0824 per unit declared on 27 August 2012 (2012: Re 0.0908 per unit declared on 02 August 2011)	(33,492)	(6,685)	-	-
- Cash distribution	(87,139)	(103,576)	-	-
- Issue of bonus Units				
- Re 0.0804 per unit declared on 28 September 2012 (2012: Re 0.0908 per unit declared on 06 September 2011)	(32,678)	(7,440)	-	-
- Cash distribution	(76,401)	(100,940)	-	-
- Issue of bonus Units				
- Re 0.0754 per unit declared on 30 October 2012 (2012: Re 0.0908 per unit declared on 03 October 2011)	(19)	(6,988)	(19)	(6,988)
- Cash distribution	(104,655)	(84,617)	(104,655)	(84,617)
- Issue of bonus Units				
- Re 0.0704 per unit declared on 28 November 2012 (2012: Re 0.0928 per unit declared on 02 November 2011)	(49)	(53,081)	(49)	(53,081)
- Cash distribution	(97,253)	(87,115)	(97,253)	(87,115)
- Issue of bonus Units				
- Re 0.0653 per unit declared on 28 December 2012 (2012: Re 0.0887 per unit declared on 02 December 2011)	(45)	(47,897)	(45)	(47,897)
- Cash distribution	(89,673)	(75,674)	(89,673)	(75,674)
- Issue of bonus Units				
Net element of loss / (gains) and capital losses / (gains) included in prices of units issued less those in units redeemed - amount transferred to distribution statement	9,318	(37,102)	1,893	(51,805)
<b>Net assets as at end of the period</b>	<u>13,872,812</u>	<u>15,635,934</u>	<u>13,872,812</u>	<u>15,635,934</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Condensed Interim Cash Flow Statement (Unaudited) For the six months and three months period ended 31 December 2012

	Six month period ended		Three month period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	657,685	692,298	289,609	352,441
<b>Adjustments:</b>				
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	339	7,290	(2,070)	3,241
Amortisation of preliminary expenses and floatation costs	500	498	251	249
	<u>658,524</u>	<u>700,086</u>	<u>287,790</u>	<u>355,931</u>
<b>Decrease / (increase) in assets</b>				
Investments	876,962	(4,518,813)	(300,101)	(4,562,093)
Profit receivable	40,097	11,048	1,369	48,254
Advances, prepayments and other receivables	90	379	66	306
	<u>917,149</u>	<u>(4,507,386)</u>	<u>(298,666)</u>	<u>(4,513,533)</u>
<b>(Decrease) / increase in liabilities</b>				
Payable to NBP Fullerton Asset Management Limited - Management Company	(1,743)	7,262	251	1,766
Payable to the Trustee	(88)	287	15	225
Payable to Securities and Exchange Commission of Pakistan	(5,445)	(1,932)	2,659	2,557
Accrued expenses and other liabilities	(28,739)	13,948	(27,440)	8,850
	<u>(36,015)</u>	<u>19,565</u>	<u>(24,515)</u>	<u>13,398</u>
<b>Net cash inflows / (outflows) from operating activities</b>	<u>1,539,658</u>	<u>(3,787,735)</u>	<u>(35,391)</u>	<u>(4,144,204)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts from issue of units	6,015,806	14,386,356	2,618,942	10,343,739
Net payments on redemption of units	(7,471,213)	(10,114,840)	(2,629,964)	(5,269,574)
Distributions paid during the period	(100,588)	(141,952)	(113)	(107,966)
<b>Net cash (outflows) / inflows from financing activities</b>	<u>(1,555,995)</u>	<u>4,129,564</u>	<u>(11,135)</u>	<u>4,966,199</u>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<u>(16,337)</u>	<u>341,829</u>	<u>(46,526)</u>	<u>821,995</u>
Cash and cash equivalents at beginning of period	1,556,170	872,997	1,586,359	392,831
<b>Cash and cash equivalents at end of the period</b>	<u>1,539,833</u>	<u>1,214,826</u>	<u>1,539,833</u>	<u>1,214,826</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Notes to and forming part of the Condensed Interim Financial Information (Unaudited) For the six months ended 31 December 2012

### 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 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.

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 was situated at 9th Floor, Adamjee House, I.I.Chundrigar Road, Karachi. From 4 February 2013, the principal office of the Management Company is shifted to 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of 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 Money Market Scheme as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The core 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 Limited (PACRA) has assigned an asset manager rating of AM2 to the Management Company and a stability rating of AAA (f) to the Fund.

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information for the six months period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2012.

2.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

#### 2.4 Functional and presentation currency

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

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of this interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2012.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund except where changes affected presentation and disclosures in this condensed interim financial information.

## 4 ESTIMATES AND JUDGEMENTS

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

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

## 5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2012.

## 6 BANK BALANCES

	Note	31 December 2012 (Unaudited)	30 June 2012 (Audited)
		(Rupees in '000)	
In current accounts		5,112	6,191
In savings accounts	6.1	534,721	849,979
Term deposit receipts	6.2	<u>1,000,000</u>	<u>700,000</u>
		<u>1,539,833</u>	<u>1,556,170</u>

6.1 These accounts carry profit at rates ranging from 6% to 11% (30 June 2012: 6% to 11%) per annum.

6.2 These accounts carry profit at the rate of 9.73% (30 June 2012: 11.9% to 13.75%) per annum.

## 7 INVESTMENTS

### At fair value through profit or loss - held for trading

Government securities - Market Treasury Bills	7.1	11,841,779	11,229,670
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### Loans and receivable

Investment in certificate of investments	7.2	600,000	590,042
Investment in reverse repo		-	1,499,368
		<u>12,441,779</u>	<u>13,319,080</u>



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## 7.1 Investment in government securities - 'at fair value through profit or loss'

Issue Date	Tenor	Face Value				Market value	Market value as a percentage of net asset	Market value as a percentage of total investments
		As at July 1, 2012	Purchases during the period	Sales / matured during the period	As at December 31, 2012			
-----Rupees in '000-----								
-----%-----								
<b>Market Treasury Bills</b>								
November 03, 2011	12 Months	-	1,809,000	1,809,000	-	-	-	-
January 12, 2012	6 Months	665,000	-	665,000	-	-	-	-
January 26, 2012	6 Months	450,000	-	450,000	-	-	-	-
August 11, 2011	12 Months	945,000	469,000	1,414,000	-	-	-	-
August 25, 2011	12 Months	-	689,000	689,000	-	-	-	-
April 19, 2012	3 Months	720,000	1,500,000	2,220,000	-	-	-	-
July 28, 2011	12 Months	454,000	-	454,000	-	-	-	-
May 03, 2012	3 Months	1,688,000	60,000	1,748,000	-	-	-	-
May 17, 2012	3 Months	2,342,500	150,000	2,492,500	-	-	-	-
May 17, 2012	6 Months	-	200,000	200,000	-	-	-	-
May 31, 2012	3 Months	2,424,000	5,000	2,429,000	-	-	-	-
June 14, 2012	3 Months	478,000	123,000	601,000	-	-	-	-
July 14, 2011	12 Months	-	25,000	25,000	-	-	-	-
September 08, 2011	12 Months	500,000	100,000	600,000	-	-	-	-
March 08, 2012	6 Months	500,000	860,000	1,360,000	-	-	-	-
June 28, 2012	3 Months	212,500	212,200	424,700	-	-	-	-
February 23, 2012	6 Months	-	82,905	82,905	-	-	-	-
October 06, 2011	12 Months	-	526,300	526,300	-	-	-	-
February 09, 2012	6 Months	-	200,000	200,000	-	-	-	-
July 12, 2012	3 Months	-	4,656,450	4,656,450	-	-	-	-
July 26, 2012	3 Months	-	1,621,275	1,621,275	-	-	-	-
October 20, 2011	12 Months	-	700,000	700,000	-	-	-	-
June 28, 2012	6 Months	-	500,000	500,000	-	-	-	-
August 09, 2012	3 Months	-	4,554,600	4,554,600	-	-	-	-
August 23, 2012	3 Months	-	2,014,700	2,014,700	-	-	-	-
November 17, 2011	12 Months	-	2,050,000	2,050,000	-	-	-	-
September 06, 2012	3 Months	-	1,399,000	1,399,000	-	-	-	-
June 14, 2012	6 Months	-	5,200,000	5,200,000	-	-	-	-
September 20, 2012	3 Months	-	1,802,000	1,802,000	-	-	-	-
October 04, 2012	3 Months	-	1,118,500	1,118,500	-	-	-	-
October 18, 2012	3 Months	-	1,680,000	900,000	780,000	778,179	5.61	6.25
November 01, 2012	3 Months	-	969,050	-	969,050	963,437	6.94	7.74
November 15, 2012	3 Months	-	1,411,000	350,000	1,061,000	1,051,205	7.58	8.45
November 29, 2012	3 Months	-	1,142,600	-	1,142,600	1,128,105	8.13	9.07
December 13, 2012	3 Months	-	1,659,000	-	1,659,000	1,632,260	11.77	13.12
September 20, 2012	6 Months	-	11,200	-	11,200	10,981	0.08	0.09
September 06, 2012	6 Months	-	157,000	-	157,000	154,469	1.11	1.24
August 09, 2012	6 Months	-	1,896,000	-	1,896,000	1,878,497	13.54	15.10
July 26, 2012	6 Months	-	4,134,000	1,000,000	3,134,000	3,115,848	22.46	25.04
July 12, 2012	6 Months	-	2,540,000	1,750,000	790,000	788,156	5.68	6.33
February 09, 2012	12 Months	-	50,000	-	50,000	49,538	0.36	0.40
January 26, 2012	12 Months	-	292,800	-	292,800	291,104	2.10	2.34
<b>Total as at 31 December 2012</b>						<b>11,841,779</b>	<b>85.36</b>	<b>95.18</b>
<b>Carrying Value as at 31 December 2012</b>						<b>11,842,118</b>		
<b>Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>						<b>(339)</b>		

7.1 This represents certificates of investments of Pak Brunei Investment Company Limited carrying mark up rates ranging from 9.8% to 10% and having maturity period from 21 February 2013 to 28 February 2013.

	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	(Rupees in '000)	

## 8 PROFIT RECEIVABLES

Profit on savings deposits	1,714	2,739
Profit on money market Placements	-	39,849
Profit on Certificates of investment	6,067	7,749
Profit on term deposit receipts	2,932	473
	<u>10,713</u>	<u>50,810</u>

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	(Rupees in '000)	
<b>9 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable	272	284
Payable to brokers	251	323
Distribution payable	41	41,855
Bank charges	211	208
Provision for workers' welfare fund	76,141	62,719
Others	469	735
	<u>77,385</u>	<u>106,124</u>

## 10 CONTINGENCY AND COMMITMENT

There were no contingencies and commitments outstanding as at 31 December 2012.

## 11 PROVISION FOR WORKERS' WELFARE FUND

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

During 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Furthermore, in 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 76.141 million (including Rs. 13.422 million for the current period). If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0552/0.60%.

## 12 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending 30 June 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 13 TRANSACTIONS WITH CONNECTED PERSONS

13.1 Connected persons include NBP Fullerton Asset Management Limited (NAFA) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Provident Fund Trust, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

13.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

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

	Six month period ended		Three month period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
<b>Management Company</b>				
Management fee expense for the period	90,815	80,401	44,321	42,613
Sindh sales tax on remuneration of the Management Company	14,530	12,865	7,091	6,819
Bonus units issued 296,609 units (31 December 2011: 35,153 units)	-	-	-	-
Units issued 19,916,262 units (31 December 2011: 1,978,964 units)	158,000	20,000	66,366	20,000
Units redeemed 11,246,073 units (31 December 2011: 3,187,894 units)	87,200	32,356	35,597	20,249
<b>National Bank of Pakistan - Sponsor</b>				
Cash Dividend	100,434	98,163	-	92,391
T-Bills purchased during the period	-	-	-	-
T-Bills Sold during the period	2,761,507	-	2,412,204	-
Bonus units issued 8,312,631 units (31 December 2011: Nil units)	-	-	-	-
Units issued 83,980 units (31 December 2011: 490,413,289 units)	845	5,003,171	-	5,003,171
Units redeemed (20,790,825 units (31 December 2011: Nil units)	210,272	-	210,272	-
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Bonus units issued Nil units (31 December 2011: 136,971 units)	-	-	-	-
Units redeemed Nil units (31 December 2011: 2,614,285 units)	-	26,573	-	26,573
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee for the period	5,827	5,201	2,848	2,745
<b>Kamal A Chinoy - Director</b>				
Bonus units issued 3,461 units (31 December 2011: 4,843 units)	-	-	-	-
<b>Chief Executive Officer</b>				
Bonus units issued 4,705 units (31 December 2011: 38,446 units)	-	-	-	-
Units redeemed Nil units (31 December 2011: 677,813 units)	-	6,880	-	5,480
<b>Chief Financial Officer</b>				
Bonus units issued 4,762 units (31 December 2011: 3,588 units)	-	-	-	-
Units issued Nil units (31 December 2011: 55,440 units)	-	561	-	361
Units redeemed 58,482 units (31 December 2011: 42,183 units)	589	429	301	329
<b>NAFA Provident Fund Trust - Provident Fund</b>				
Bonus units issued 20,051 units (31 December 2011: 30,534 units)	-	-	-	-
Units issued 352,874 units (31 December 2011: 864,772 units)	3,560	8,770	2,636	3,429
Units redeemed 399,597 units (31 December 2011: 914,674 units)	4,033	9,280	476	3,438

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	Six month period ended		Three month period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
<b>Employees of the Management Company</b>				
Bonus units issued 31,795 units (31 December 2011: 76,373 units)	-	-	-	-
Units issued 1,241,906 units (31 December 2011: 2,937,132 units)	12,531	29,837	5,968	11,023
Units redeemed 1,175,066 units (31 December 2011: 3,067,304 units)	11,849	31,148	4,188	11,918
<b>NBP Employees Pension Fund</b>				
Bonus units issued 620,030 units (31 December 2011: 867,678 units)	-	-	-	-
<b>NBP Endowment Funds Students Loan Scheme</b>				
Bonus units issued 1,501,258 units (31 December 2011: 1,111,268 units)	-	-	-	-
Units issued 641,906 units (31 December 2011: 3,939,516 units)	6,500	40,000	-	15,000
<b>NBP Exchange Company Limited</b>				
Bonus units issued 1,018,898 units (31 December 2011: 1,513,507 units)	-	-	-	-
Units issued 3,167 units (31 December 2011: 53,332 units)	32	539	-	272
Units redeemed 2,295,737 units (31 December 2011: Nil Units)	23,136	-	-	-
<b>NBP Leasing Limited Employees Provident Fund</b>				
Bonus units issued 3,288 units (31 December 2011: 2,594 units)	-	-	-	-
Units issued 1,155,506 units (31 December 2011: 83,591 units)	1,168	851	390	386
Units redeemed 118,508 units (31 December 2011: Nil units)	1,192	-	-	-
<b>International Industries Limited - Employees Provident Fund</b>				
Units issued 1,929,735 units (31 December 2011: Nil units)	19,468	-	15,407	-
Units redeemed 1,375,465 units (31 December 2011: Nil units)	13,887	-	4,097	-
Bonus units issued 103,438 units (31 December 2011: Nil units)	-	-	-	-
T-Bills purchased during the period	15,630	-	-	-
<b>International Industries Limited - Employees Gratuity Fund</b>				
Units issued 2,061 units (31 December 2011: Nil units)	20,796	-	16,264	-
Units redeemed 2,112 units (31 December 2011: Nil units)	21,299	-	4,424	-
Bonus units issued 113,362 units (31 December 2011: Nil units)	-	-	-	-
T-Bills purchased during the period	14,021	-	-	-
<b>International Steel Limited - Employees Gratuity Fund</b>				
Units issued 239,334 units (31 December 2011: Nil units)	2,418	-	1,485	-
Units redeemed 190,056 units (31 December 2011: Nil units)	1,917	-	362	-
Bonus units issued 12,119 units (31 December 2011: Nil units)	-	-	-	-
T-Bills purchased during the period	4,189	-	-	-
<b>International Steel Limited - Employees Provident Fund</b>				
Units issued 504,465 units (31 December 2011: Nil units)	5,088	-	3,908	-
Units redeemed 336,672 units (31 December 2011: Nil units)	3,402	-	644	-
Bonus units issued 29,813 units (31 December 2011: Nil units)	-	-	-	-
T-Bills purchased during the period	6,770	-	-	-
<b>Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund</b>				
T-Bills purchased during the period	26,671	-	-	-
<b>Telenor Pakistan Pvt Limited - Employee Provident Fund</b>				
T-Bills purchased during the period	11,714	-	-	-
<b>Gul Ahmed Textile Mills Ltd. Employee Provident Fund</b>				
Units redeemed 623,670 units (31 December 2011: Nil units)	6,290	-	6,290	-
<b>CDC Trustee NAFA Asset Allocation Fund</b>				
T-Bills purchased during the period	38,910	-	-	-
<b>CDC Trustee NAFA Financial Sector Income Fund</b>				
T-Bills purchased during the period	49,414	-	-	-

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 13.5 Amounts outstanding as at period / year end

	As at 31 December 2012 (Unaudited)	As at 30 June 2012 (Audited)
	------(Rupees in '000)-----	
<b>Management Company</b>		
Receivable from the management company	6,980	6,980
Management fee payable	15,050	16,553
Sindh sales tax payable on remuneration of the Management Company	2,408	2,648
Investment held by the Management Company (10,834,176 units; June 30, 2012: 1,867,379)	108,922	18,771
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	968	1,056
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund ( 393,809,710 units; June 30, 2012: 406,203,924 units)	3,959,167	4,083,284
Balance in current account	5,111	6,191
Balance in saving account	10,920	10,256
<b>Chief Executive Officer</b>		
Investment held by the Chief Executive Officer ( 105,951 units; June 30, 2012: 101,246 units)	1,065	1,018
<b>Chief Financial Officer</b>		
Investment held by the Chief Financial Officer ( 80,953 units; June 30, 2012: 134,673 units)	814	1,354
<b>Kamal A Chinoy - Director</b>		
Investment held by the Director in the Fund ( 77,923 units; June 30, 2012: 74,465 units)	783	749
<b>NAFA Provident Fund Trust - Provident Fund</b>		
Investment held by the Sponsor in the Fund ( 558,611 units; June 30, 2012: 585,283 units)	5,615	5,883
<b>Employees of the Management Company</b>		
Investment held by the employees in the Fund ( 769,260units; June 30, 2012: 670,624 units)	7,734	6,741
<b>NBP Employees Pension Fund</b>		
Investment held in the Fund ( 13,961,462 units; June 30, 2012: 13,341,432 units)	140,362	134,112
<b>NBP Endowment Funds Students Loan Scheme</b>		
Investment held in the Fund ( 33,804,450 units; June 30, 2012: 31,661,286 units)	339,853	318,269

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	As at 31 December 2012 (Unaudited)	As at 30 June 2012 (Audited)
	----- (Rupees in '000) -----	
<b>NBP Exchange Company Limited</b>		
Investment held in the Fund ( 22,095,716 units; June 30, 2012: 23,369,387 units)	222,139	234,916
<b>NBP Leasing Limited Employees Provident Fund</b>		
Investment held in the Fund ( 78,867 units; June 30, 2012: 78,581 units)	793	790

## 14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 26, 2013 by the Board of Directors of the Management Company.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director