



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together




Joint - Venture Partners

NAFA GOVERNMENT SECURITIES LIQUID FUND



HALF YEARLY REPORT
DECEMBER 31
2013

MISSION STATEMENT



To rank in the top quartile
in performance of
NAFA FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA 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. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Human Resource Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
NIB Bank Limited
United Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pak) Limited
Barclays Bank Plc Limited
Summit Bank Limited
Soneri 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, 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

NAFA GOVERNMENT SECURITIES LIQUID FUND

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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** (NGSLF) for the half year ended December 31, 2013.

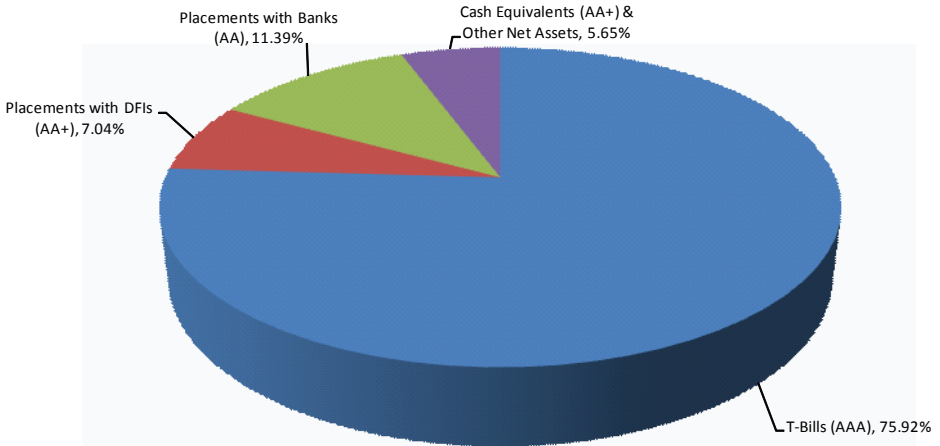
Fund's Performance

The size of NAFA Government Securities Liquid Fund increased from Rs. 12,402 million to Rs. 14,923 million during the period, i.e. an increase of 20.3%. During the said period, the unit price of the Fund increased from Rs. 9.6802 (Ex-Div) on June 30, 2013 to Rs. 10.0423 on December 31, 2013, thus showing an annualized return of 7.48% as compared to its Benchmark (70% 3-Month T-Bills & 30% average 3-Month deposit rate of 'AA' & above rated banks) annualized return of 8.07% for the same period. The performance of the Fund is net of management fee and 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.

The State Bank of Pakistan increased the policy rate by 100bps during the period under review citing upside risks to the external account, depleting FX reserves, and rising inflation expectations. The return of the Fund is expected to improve in line with increase in the interest rates. 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.594.21 million during the period. After deducting expenses of Rs.113.31 million, the net income is Rs.480.90 million. The asset allocation of the Fund as on December 31, 2013 is as follows:



NAFA GOVERNMENT SECURITIES LIQUID FUND

Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 3.65% of opening ex-NAV (3.663% 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 13, 2014
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, 2013 in accordance with the provisions of the following:

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

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

Karachi: February 24, 2014

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 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other matter

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

Date: February 13, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA GOVERNMENT SECURITIES LIQUID FUND

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

	Note	31 December 2013 (Unaudited)	30 June 2013 (Audited)
------(Rupees in '000)-----			
Assets			
Bank balances	6	2,647,688	1,849,896
Investments	7	12,379,877	4,785,275
Profit receivable	8	14,298	16,870
Advances, prepayments and other receivables		7,003	7,105
Receivable from a connected person		-	5,846,012
Preliminary expenses and floatation costs		367	867
Total assets		<u>15,049,233</u>	<u>12,506,025</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		24,093	8,433
Payable to the Central Depository Company of Pakistan Limited - Trustee		886	482
Payable to Securities and Exchange Commission of Pakistan		4,955	9,628
Payable on redemption of units		1,167	10
Accrued expenses and other liabilities	9	95,255	85,546
Total liabilities		<u>126,356</u>	<u>104,099</u>
Net Assets		<u>14,922,877</u>	<u>12,401,926</u>
Unit holders' funds (as per statement attached)		<u>14,922,877</u>	<u>12,401,926</u>
Contingency and commitment	10	(Number of units)	
Number of units in issue		<u>1,486,005,278</u>	<u>1,235,387,776</u>
		(Rupees)	
Net assets value per unit		<u>10.0423</u>	<u>10.0389</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 Income Statement (Unaudited) For the six months and three months period ended 31 December 2013

	Note	Six month period ended		Three month period ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
------(Rupees in '000)-----					
Income					
Capital gain / (loss) on sale of investments - net		76	13,736	(687)	3,892
Income from government securities		470,980	685,800	255,011	300,012
Income from term deposit receipts		53,796	20,522	14,532	7,832
Income from money market placements		30,429	44,901	23,828	23,763
Profit on bank deposits		47,708	25,262	22,441	15,724
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(8,778)	(339)	(5,973)	2,070
Total Income		<u>594,211</u>	<u>789,882</u>	<u>309,152</u>	<u>353,293</u>
Expenses					
Remuneration of NBP Fullerton Asset Management Limited - Management Company		67,924	90,815	34,610	44,321
Federal Excise Duty on remuneration to Management Company		10,868		5,538	
Sindh sales tax on remuneration to Management Company		12,707	14,530	7,377	7,091
Remuneration of Central Depository Company of Pakistan Limited - Trustee		5,098	5,827	2,577	2,848
Annual fee - Securities and Exchange Commission of Pakistan		4,955	5,449	2,512	2,659
Securities transaction cost		554	769	272	182
Bank charges		396	468	205	192
Annual listing fee		20	20	10	10
Stability rating fee		122	110	61	55
Auditors' remuneration		305	272	191	150
Amortisation of preliminary expenses and floatation costs		500	500	250	251
Legal and professional charges		33	-	33	-
Other charges		20	15	20	15
Total expenses		<u>103,502</u>	<u>118,775</u>	<u>53,656</u>	<u>57,774</u>
Net income from operating activities		<u>490,709</u>	<u>671,107</u>	<u>255,496</u>	<u>295,519</u>
Provision for workers' welfare fund	11	(9,814)	(13,422)	(5,110)	(5,910)
Net income for the period before taxation		<u>480,895</u>	<u>657,685</u>	<u>250,386</u>	<u>289,609</u>
Taxation	12	-	-	-	-
Net income for the period after taxation		<u>480,895</u>	<u>657,685</u>	<u>250,386</u>	<u>289,609</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 Statement of Comprehensive Income (Unaudited) For the six months and three months period ended 31 December 2013

	Six month period ended		Three month period ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	------(Rupees in '000)-----			
Net income for the period after taxation	480,895	657,685	250,386	289,609
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>480,895</u>	<u>657,685</u>	<u>250,386</u>	<u>289,609</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 2013

	Six month period ended		Three month period ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
------(Rupees in '000)-----				
Undistributed income brought forward				
Realised income	10,863	32,917	16,012	35,138
Unrealised loss	(259)	(5,815)	(2,805)	(2,409)
	<u>10,604</u>	<u>27,102</u>	<u>13,207</u>	<u>32,729</u>
Net income for the period after taxation	480,895	657,685	250,386	289,609
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	9,133	(9,318)	9,165	(1,893)
Interim distributions during the period				
Re 0.0572 per unit declared on 30 July 2013 (Re 0.0844 per unit declared on 25 July 2012)				
- Cash distribution	(12)	(34,305)	-	-
- Issue of bonus units	(72,248)	(91,009)	-	-
Re 0.0602 per unit declared on 29 August 2013 (Re 0.0824 per unit declared on 27 August 2012)				
- Cash distribution	(13)	(33,492)	-	-
- Issue of bonus units	(77,415)	(87,139)	-	-
Re 0.0602 per unit declared on 27 September 2013 (Re 0.0804 per unit declared on 28 September 2012)				
- Cash distribution	(13)	(32,678)	-	-
- Issue of bonus units	(78,173)	(76,401)	-	-
Re 0.0602 per unit declared on 29 October 2013 (Re 0.0754 per unit declared on 30 October 2012)				
- Cash distribution	(13)	(19)	(13)	(19)
- Issue of bonus units	(78,879)	(104,655)	(78,879)	(104,655)
Re 0.0632 per unit declared on 28 November 2013 (Re 0.0704 per unit declared on 28 November 2012)				
- Cash distribution	(14)	(49)	(14)	(49)
- Issue of bonus units	(81,122)	(97,253)	(81,122)	(97,253)
Re 0.0653 per unit declared on 27 December 2013 (Re 0.0653 per unit declared on 28 December 2012)				
- Cash distribution	(14)	(45)	(14)	(45)
- Issue of bonus units	(97,081)	(89,673)	(97,081)	(89,673)
	<u>(484,997)</u>	<u>(646,718)</u>	<u>(257,123)</u>	<u>(291,694)</u>
Undistributed income carried forward	<u>15,635</u>	<u>28,751</u>	<u>15,635</u>	<u>28,751</u>
Undistributed income carried forward comprising:				
Realised income	24,413	29,090	21,608	26,681
Unrealised loss	(8,778)	(339)	(5,973)	2,070
	<u>15,635</u>	<u>28,751</u>	<u>15,635</u>	<u>28,751</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 Statement of Movement In Unit Holders' Funds (Unaudited) For the six months and three months period ended 31 December 2013

	Six month period ended		Three month period ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
------(Rupees in '000)-----				
Net assets at beginning of the period	12,401,926	14,772,225	13,127,615	13,612,042
Issue of 512,019,278 units (2012: 596,805,136 units)	5,158,804	6,015,806	3,071,836	2,618,942
Redemption of 309,715,770 units (2012: 740,792,190 units)	(3,118,669)	(7,472,316)	(1,526,919)	(2,647,668)
Issue of bonus units: 48,313,994 (2012: 54,339,006 bonus units)	484,918	546,130	257,082	291,581
	2,525,053	(910,380)	1,801,999	262,855
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(9,133)	9,318	(9,165)	1,893
Capital gain / (loss) on sale of investments - net	76	13,736	(687)	3,892
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(8,778)	(339)	(5,973)	2,070
Other net income for the period	489,597	644,288	257,046	283,647
	480,895	657,685	250,386	289,609
Interim distributions during the period				
Re 0.0572 per unit declared on 30 July 2013 (Re 0.0844 per unit declared on 25 July 2012)				
- Cash distribution	(12)	(34,305)	-	-
- Issue of bonus units	(72,248)	(91,009)	-	-
Re 0.0602 per unit declared on 29 August 2013 (Re 0.0824 per unit declared on 27 August 2012)				
- Cash distribution	(13)	(33,492)	-	-
- Issue of bonus units	(77,415)	(87,139)	-	-
Re 0.0602 per unit declared on 27 September 2013 (Re 0.0804 per unit declared on 28 September 2012)				
- Cash distribution	(13)	(32,678)	-	-
- Issue of bonus units	(78,173)	(76,401)	-	-
Re 0.0602 per unit declared on 29 October 2013 (Re 0.0754 per unit declared on 30 October 2012)				
- Cash distribution	(13)	(19)	(13)	(19)
- Issue of bonus units	(78,879)	(104,655)	(78,879)	(104,655)
Re 0.0632 per unit declared on 28 November 2013 (Re 0.0704 per unit declared on 28 November 2012)				
- Cash distribution	(14)	(49)	(14)	(49)
- Issue of bonus units	(81,122)	(97,253)	(81,122)	(97,253)
Re 0.0653 per unit declared on 27 December 2013 (Re 0.0653 per unit declared on 28 December 2012)				
- Cash distribution	(14)	(45)	(14)	(45)
- Issue of bonus units	(97,081)	(89,673)	(97,081)	(89,673)
	(484,997)	(646,718)	(257,123)	(291,694)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	9,133	(9,318)	9,165	(1,893)
Net assets at end of the period	<u>14,922,877</u>	<u>13,872,812</u>	<u>14,922,877</u>	<u>13,872,812</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 2013

	Six month period ended		Three month period ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	480,895	657,685	250,386	289,609
Adjustments:				
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	8,778	339	5,973	(2,070)
Amortisation of preliminary expenses and floatation costs	500	500	250	251
	<u>490,173</u>	<u>658,524</u>	<u>256,609</u>	<u>287,790</u>
Decrease / (increase) in assets				
Investments	(7,603,380)	876,962	(919,742)	(300,101)
Profit receivable	2,572	40,097	(9,198)	1,369
Advances, prepayments and other receivables	102	90	71	66
Receivable from a connected person	5,846,012	-	-	-
	<u>(1,754,694)</u>	<u>917,149</u>	<u>(928,869)</u>	<u>(298,666)</u>
Increase / (decrease) in liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	15,660	(1,743)	7,381	251
Payable to the Central Depository Company of Pakistan Limited - Trustee	404	(88)	49	15
Payable to Securities and Exchange Commission of Pakistan	(4,673)	(5,445)	2,512	2,659
Accrued expenses and other liabilities	9,709	(28,739)	4,758	(27,440)
	<u>21,100</u>	<u>(36,015)</u>	<u>14,700</u>	<u>(24,515)</u>
Net cash (used in) / flows from operating activities	<u>(1,243,421)</u>	<u>1,539,658</u>	<u>(657,560)</u>	<u>(35,391)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from issue of units	5,158,804	6,015,806	3,071,836	2,618,942
Net payments on redemption of units	(3,117,512)	(7,471,213)	(1,537,935)	(2,629,964)
Distributions paid during the period	(79)	(100,588)	(41)	(113)
Net cash flows from / (used in) financing activities	<u>2,041,213</u>	<u>(1,555,995)</u>	<u>1,533,860</u>	<u>(11,135)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>797,792</u>	<u>(16,337)</u>	<u>876,300</u>	<u>(46,526)</u>
Cash and cash equivalents at beginning of the period	1,849,896	1,556,170	1,771,388	1,586,359
Cash and cash equivalents at end of the period	<u><u>2,647,688</u></u>	<u><u>1,539,833</u></u>	<u><u>2,647,688</u></u>	<u><u>1,539,833</u></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 2013

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 April 10, 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 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 trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.4 Functional and presentation currency

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

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 annual financial statements as at and for the year ended 30 June 2013.

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

4 ESTIMATES AND JUDGEMENTS

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

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

5 FINANCIAL RISK MANAGEMENT

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

Note	31 December 2013 (Unaudited)	30 June 2013 (Audited)
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(Rupees in '000)

6 BANK BALANCES

In current accounts		11,453	691
In savings accounts	6.1	936,235	549,205
Term deposit receipts	6.2	<u>1,700,000</u>	<u>1,300,000</u>
		<u>2,647,688</u>	<u>1,849,896</u>

6.1 These accounts carry profit at rates ranging from 6% to 10.60% (30 June 2013: 6% to 12%) per annum.

6.2 These accounts carry profit at the rate of 9.50% to 10.18% (30 June 2013: 9.5% to 9.8%) per annum.

7 INVESTMENTS

At fair value through profit or loss - held for trading

Government securities - Market Treasury Bills	7.1	11,329,877	4,635,268
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Loans and receivable

Investment in certificate of investments		-	150,007
Investment in Clean placement		<u>1,050,000</u>	<u>-</u>
		<u>12,379,877</u>	<u>4,785,275</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

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, 2013	Purchases during the period	Sales / matured during the period	As at December 31, 2013			
-----Rupees in '000-----								
Market Treasury Bills								
10 January 2013	6 Months	4,725	50,275	55,000	-	-	-	-
26 July 2012	12 Months	2,500,000	-	2,500,000	-	-	-	-
18 April 2013	3 Months	6,800	95,700	102,500	-	-	-	-
12 July 2012	12 Months	2,145,000	63,000	2,208,000	-	-	-	-
1 November 2012	12 Months	-	3,200,000	3,200,000	-	-	-	-
24 January 2013	6 Months	-	2,020,300	2,020,300	-	-	-	-
24 January 2013	12 Months	-	500,000	-	500,000	496,792	3.33%	4.01%
21 February 2013	6 Months	-	1,136,800	1,136,800	-	-	-	-
02 May 2013	3 Months	-	7,291,500	7,291,500	-	-	-	-
02 May 2013	6 Months	-	100,000	100,000	-	-	-	-
13 May 2013	3 Months	-	489,000	489,000	-	-	-	-
13 May 2013	6 Months	-	5,296,500	5,296,500	-	-	-	-
13 June 2013	6 Months	-	501,870	501,870	-	-	-	-
06 September 2013	12 Months	-	8,640,000	8,640,000	-	-	-	-
23 August 2013	12 Months	-	1,457,800	1,457,800	-	-	-	-
12 July 2013	3 Months	-	4,886,000	4,886,000	-	-	-	-
20 September 2012	12 Months	-	3,766,800	3,766,800	-	-	-	-
04 October 2012	12 Months	-	500,000	500,000	-	-	-	-
27 June 2013	3 Months	-	24,500	24,500	-	-	-	-
07 August 2013	3 Months	-	3,307,000	3,307,000	-	-	-	-
19 September 2013	3 Months	-	6,631,900	6,631,900	-	-	-	-
5 September 2013	3 Months	-	1,500,000	1,500,000	-	-	-	-
03 October 2013	3 Months	-	2,379,500	2,379,500	-	-	-	-
31 October 2013	3 Months	-	738,000	-	738,000	733,264	4.91%	5.92%
21 October 2013	3 Months	-	175,000	-	175,000	174,561	1.17%	1.41%
25 July 2013	6 Months	-	100,000	-	100,000	99,358	0.67%	0.80%
12 July 2013	6 Months	-	50,000	-	50,000	49,874	0.33%	0.40%
28 November 2013	3 Months	-	5,682,600	500,000	5,182,600	5,110,059	34.24%	41.28%
12 December 2013	3 Months	-	3,254,000	-	3,254,000	3,196,339	21.42%	25.82%
13 November 2013	3 Months	-	1,800	-	1,800	1,782	0.01%	0.01%
26 December 2013	3 Months	-	1,500,000	-	1,500,000	1,467,848	9.84%	11.86%
						<u>11,329,877</u>		
Carrying value before fair value adjustment as at 31 December 2013						<u>11,338,655</u>		

7.1 These carry a rate of return ranging from 7.91% to 10.35% (2013: 8.25% to 12%) per annum.

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
	(Rupees in '000)	
8 PROFIT RECEIVABLES		
Profit on savings deposits	1,337	1,187
Profit on money market Placements	5,899	-
Profit on Certificates of investment	-	233
Profit on term deposit receipts	7,062	15,450
	<u>14,298</u>	<u>16,870</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Note	31 December 2013 (Unaudited)	30 June 2013 (Audited)
(Rupees in '000)			
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		300	315
Payable to brokers		314	253
Distribution payable		13	8
Bank charges		42	57
Provision for workers' welfare fund	11	94,442	84,628
Others		144	285
		95,255	85,546

10 CONTINGENCY AND COMMITMENT

There was no contingency and commitment outstanding as at 31 December 2013.

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 Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on 14 December 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the six months period ended 31 December 2013. As at 31 December 2013 the management has maintained provision against Workers' Welfare Funds' amounting to Rs. 94.442 million, if the same were not made the net assets value per unit of the Fund would have been higher by Rs. 0.0636.

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 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

NAFA GOVERNMENT SECURITIES LIQUID FUND

13 TRANSACTIONS AND BALANCES 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.

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

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

	Six month period ended		Three month period ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
------(Rupees in '000)-----				
Management Company				
Management fee expense for the period	67,924	90,815	34,610	44,321
Federal Excise Duty on remuneration to Management	10,868	-	5,538	-
Sindh sales tax on remuneration of the Management Company	12,707	14,530	7,377	7,091
Bonus units issued 550,163 units (31 December 2012: 296,609 units)	-	-	-	-
Units issued 12,114,329 units (31 December 2012: 19,916,262 units)	122,000	158,000	62,000	66,366
Units redeemed 11,095,848 units (31 December 2012: 11,246,073 units)	112,000	87,200	44,000	35,597
National Bank of Pakistan - Sponsor				
Cash Dividend	-	100,434	-	-
T-Bills purchased during the period	12,030,324	-	598,551	-
T-Bills Sold during the period	6,636,552	2,761,507	2,241,284	2,412,204
Bonus units issued 22,886,249 units (31 December 2012: 8,312,631 units)	-	-	-	-
Units issued Nil units (31 December 2012: 83,980 units)	-	845	-	-
Units redeemed 19,921,509 units (31 December 2012: 20,790,825 units)	200,000	210,272	200,000	210,272
Placement of Term deposit receipt during the period	2,500,000	-	-	-
Bank profit received in saving account	967	-	183	-
Profit received in term deposit receipt	37,890	-	-	-
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee for the period	5,098	5,827	2,577	2,848
Kamal A Chinoy - Director				
Bonus units issued 3,002 units (31 December 2012: 3,461 units)	-	-	-	-
Aamir Sattar - Director				
Bonus units issued 1,986 units (31 December 2012: Nil units)	-	-	-	-
Chief Executive Officer				
Bonus units issued 7,305 units (31 December 2012: 4,705 units)	-	-	-	-
Units redeemed 3,535 units (31 December 2012: Nil)	36	-	-	-
Chief Financial Officer				
Bonus units issued 2,605 units (31 December 2012: 4,762 units)	-	-	-	-
Units issued 49,688 units (31 December 2012: Nil)	500	-	-	-
Units redeemed 9,927 units (31 December 2012: 58,482 units)	100	589	-	301
NAFA Provident Fund Trust - Provident Fund				
Bonus units issued 18,699 units (31 December 2012: 20,051 units)	-	-	-	-
Units issued 61,833 units (31 December 2012: 352,874 units)	623	3,560	-	2,636
Units redeemed 30,290 units (31 December 2012: 399,597 units)	305	4,033	-	476

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Six month period ended		Three month period ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
------(Rupees in '000)-----				
Employees of the Management Company				
Bonus units issued 23,435 units (31 December 2012: 31,795 units)	-	-	-	-
Units issued 543,247 units (31 December 2012: 1,241,906 units)	5,472	12,531	2,693	5,968
Units redeemed 393,115 units (31 December 2012: 1,175,066 units)	3,956	11,849	1,346	4,188
NBP Employees Pension Fund				
Bonus units issued 537,878 units (31 December 2012: 620,030 units)	-	-	-	-
NBP Endowment Funds Students Loan Scheme				
Bonus units issued 1,109,541 units (31 December 2012: 1,501,258 units)	-	-	-	-
Units issued 941,788 units (31 December 2012: 641,906 units)	9,500	6,500	9,500	-
Units redeemed 4,758,283 units (31 December 2012: Nil units)	48,000	-	3,000	-
NBP Exchange Company Limited				
Bonus units issued 291,389 units (31 December 2012: 1,018,898 units)	-	-	-	-
Units issued 15,402,172 units (31 December 2012: 3,167 units)	155,080	32	155,080	-
Units redeemed Nil units (31 December 2012: 2,295,737 Units)	-	23,136	-	-
NBP Leasing Limited Employees Provident Fund				
Bonus units issued 751 units (31 December 2012: 3,288 units)	-	-	-	-
Units issued 84,808 units (31 December 2012: 1,155,506 units)	853	1,168	853	390
Units redeemed 10,310 units (31 December 2012: 118,508 units)	104	1,192	-	-
International Industries Limited - Employees Provident Fund				
Units issued 166,266 units (31 December 2012: 1,929,735 units)	1,678	19,468	-	15,407
Units redeemed Nil units (31 December 2012: 1,375,465 units)	-	13,887	-	4,097
Bonus units issued 84,462 units (31 December 2012: 103,438 units)	-	-	-	-
T-Bills purchased during the period	73,074	15,630	4,465	-
T-Bills sold during the period	7,951	-	-	-
International Industries Limited - Employees Gratuity Fund				
Units issued 259,902 units (31 December 2012: 2,061 units)	2,622	20,796	-	16,264
Units redeemed 1,867,935 units (31 December 2012: 2,112 units)	18,762	21,299	-	4,424
Bonus units issued 147,145 units (31 December 2012: 113,362 units)	-	-	-	-
T-Bills purchased during the period	87,809	14,021	-	-
T-Bills sold during the period	66,681	-	-	-
International Steel Limited - Employees Gratuity Fund				
Units issued 20,874 units (31 December 2012: 239,334 units)	210	2,418	-	1,485
Units redeemed 147,920 units (31 December 2012: 190,056 units)	1,487	1,917	-	362
Bonus units issued 13,665 units (31 December 2012: 12,119 units)	-	-	-	-
T-Bills purchased during the period	8,400	4,189	-	-
International Steel Limited - Employees Provident Fund				
Units issued 31,342 units (31 December 2012: 504,465 units)	316	5,088	-	3,908
Units redeemed 46,954 units (31 December 2012: 336,672 units)	473	3,402	-	644
Bonus units issued 16,551 units (31 December 2012: 29,813 units)	-	-	-	-
T-Bills purchased during the period	9,862	6,770	-	-
Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund				
T-Bills purchased during the period	151,013	26,671	-	-
T-Bills sold during the period	43,796	-	-	-
Telenor Pakistan Pvt Limited - Employee Provident Fund				
T-Bills purchased during the period	3,594	11,714	-	-
Gul Ahmed Textile Mills Limited - Employee Provident Fund				
Units redeemed Nil units (31 December 2012: 623,670 units)	-	6,290	-	6,290

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Six month period ended		Three month period ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
------(Rupees in '000)-----				
CDC Trustee NAFA Asset Allocation Fund				
T-Bills purchased during the period	-	38,910	-	-
CDC Trustee NAFA Financial Sector Income Fund				
T-Bills purchased during the period	68,979	49,414	68,979	-
CDC Trustee NAFA Income Opportunity Fund				
T-Bills purchased during the period	60,603	-	60,603	-
Thal Limited Employees Provident Fund				
T-Bills purchased during the period	366,584	-	-	-
T-Bills sold during the period	11,442	-	-	-
Thal Limited Employees Retirement Benefit Fund				
T-Bills purchased during the period	18,504	-	-	-
T-Bills sold during the period	499	-	-	-
Summit Bank Limited				
T-Bills sold during the period	998,145	-	998,145	-
Bank profit received during the period	432	-	122	-
NAFA Money Market Fund				
T-Bills purchased during the period	647,981	-	647,981	-
T-Bills sold during the period	1,797,352	-	-	-
Thal Limited - Treasury Division				
Units issued 4,980,377 units (31 December 2012: Nil units)	50,000	-	-	-
Units redeemed 14,922,997 units (31 December 2012: Nil units)	150,000	-	-	-
Bonus units issued 598,421 units (31 December 2012: Nil units)	-	-	-	-

13.6 Amounts outstanding as at period / year end

	As at 31 December 2013 (Unaudited)	As at 30 June 2013 (Audited)
------(Rupees in '000)-----		
NBP Fullerton Asset Management Limited - Management Company		
Receivable from the Management Company	6,980	6,980
Remuneration payable	12,087	6,729
FED Payable on remuneration	9,114	627
Sindh Sales Tax Payable on remuneration	2,892	1,077
Units held: 16,090,598 units (30 June 2013: 14,521,954 units)	161,586	145,784
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	886	482
National Bank of Pakistan - Sponsor		
Units held: 620,599,006 units (30 June 2013: 617,634,266 units)	6,232,241	6,200,369
Balance in current account	947	691
Balance in saving account	11,619	11,771
Term deposit receipt	-	500,000
Chief Executive Officer		
Units held: 203,055 units (30 June 2013: 199,285 units)	2,039	2,001

NAFA GOVERNMENT SECURITIES LIQUID FUND

	As at 31 December 2013 (Unaudited)	As at 30 June 2013 (Audited)
	----- (Rupees in '000) -----	
Chief Financial Officer		
Units held: 85,808 units (30 June 2013: 43,443 units)	862	436
Mr. Kamal A. Chinoy - Director		
Units held: 84,022 units (30 June 2013: 81,019 units)	843	813
Mr. Aamir Sattar - Director		
Units held: 55,584 units (30 June 2013: Nil units)	558	-
NAFA Provident Fund Trust - Provident Fund		
Units held: 543,408 units (30 June 2013: 493,166 units)	5,457	4,951
Employees of the Management Company		
Units held: 731,604 units (30 June 2013: 651,128 units)	7,347	6,537
NBP Employees Pension Fund		
Units held: 15,053,672 units (30 June 2013: 14,515,794 units)	151,173	145,723
NBP Endowment Funds Students Loan Scheme		
Units held: 30,236,322 units (30 June 2013: 32,943,276 units)	303,642	330,714
NBP Exchange Company Limited		
Units held: 15,693,561 units (30 June 2013: Nil units)	157,599	-
NBP Leasing Limited Employees Provident Fund		
Units held: 85,440 units (30 June 2013: 10,191 units)	858	102
NAFA Money Market Fund		
Amount receivable due to transfer of units on behalf of NBP	-	5,846,012
Fauji Oil Terminal & Distribution Co. Ltd.		
Units held: Nil units (30 June 2013: 2,686,640 units)	-	26,968
International Steels Limited - Employees Provident Fund		
Units held: 458,153 units (30 June 2013: 457,214 units)	4,601	4,589
International Steels Limited - Employees Graduity Fund		
Units held: 389,214 units (30 June 2013: 502,594 units)	3,909	5,045
International Industries Limited - Employee Graduity Fund		
Units held: 4,202,497 units (30 June 2013: 5,663,385 units)	42,203	56,848
International Industries Limited - Employee Provident Fund		
Units held: 2,417,820 units (30 June 2013: 2,167,092 units)	24,280	21,753
Summit Bank Limited		
Balance in Current Account	10,507	-
Balance in Saving Account	-	13,956
Thal Limited - Treasury Division		
Units held: 11,978,810 units (30 June 2013: Nil units)	120,295	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

14 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



Joint - Venture Partners

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