



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA GOVERNMENT SECURITIES LIQUID FUND

HALF YEARLY REPORT DECEMBER 31

2014



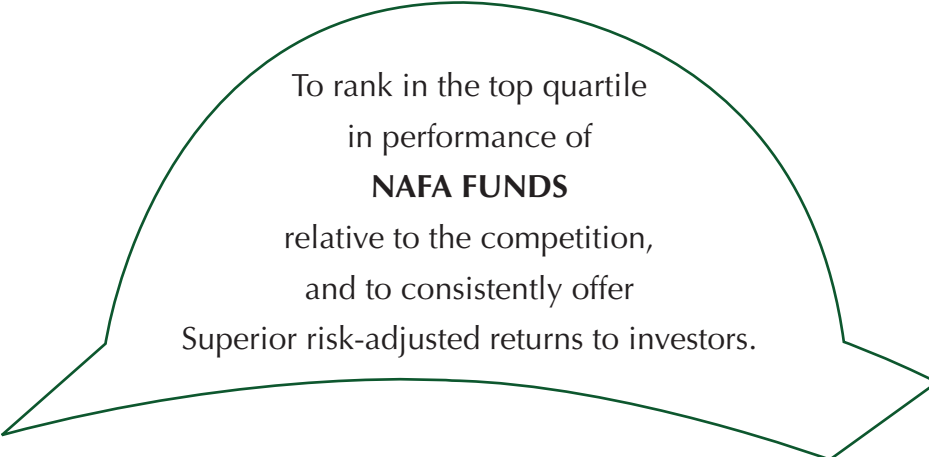
Your investments & "NAFA" grow together



**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. 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
Barclays Bank Plc Limited
Summit Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) 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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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, 2014.

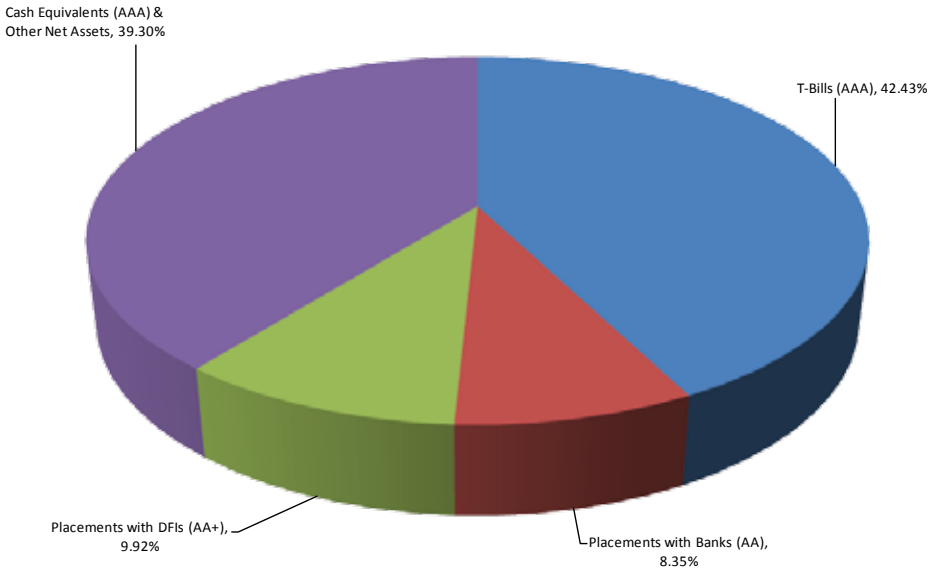
Fund's Performance

The size of NAFA Government Securities Liquid Fund has declined from Rs. 9,858 million to Rs. 9,575 million during the period, i.e. a decline of 2.9%. During the period, the unit price of the Fund has increased from Rs. 10.0538 on June 30, 2014 to Rs. 10.4929 on December 31, 2014, thus showing an annualized return of 8.66% as compared to its Benchmark (70% 3-Month T-Bills & 30% average 3-Month deposit rate of 'AA' & above rated banks) annualized return of 9.22% 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.

During the period under review, the State Bank of Pakistan reduced the policy rate by 50bps to 9.5% mainly due to sharp decline in inflation and improved external account position. Sovereign securities responded to the loose monetary policy stance with yields on the PIBs and T-bills declining sharply. Going forward, we view that declining trend in inflation along with mitigation of risk to external account could further repress the interest rates.

The Fund has earned total income of Rs.505.59 million during the period. After deducting expenses of Rs.86.98 million, the net income is Rs.418.61 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSLF.



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: February 17, 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) 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, 2014 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 27, 2015

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 2014 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 2014 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 17, 2015

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 2014

	Note	31 December 2014 (Unaudited)	30 June 2014 (Audited)
------(Rupees in '000)-----			
Assets			
Bank balances	6	4,215,314	7,730,161
Investments	7	5,512,951	8,121,706
Profit receivable		29,008	10,238
Receivable against sale of units		2,969	-
Advance, prepayment and other receivable		7,003	7,117
Total assets		<u>9,767,245</u>	<u>15,869,222</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	40,252	24,420
Payable to Central Depository Company of Pakistan Limited - Trustee		671	896
Payable to Securities and Exchange Commission of Pakistan		3,701	10,654
Payable against redemption of units		29,929	5,865,291
Accrued expenses and other liabilities	9	117,202	109,338
Total liabilities		<u>191,755</u>	<u>6,010,599</u>
Net Assets		<u>9,575,490</u>	<u>9,858,623</u>
Unit holders' fund (as per statement attached)		<u>9,575,490</u>	<u>9,858,623</u>
Contingencies and commitments	10	(Number of units)	
Number of units in issue		<u>912,565,437</u>	<u>980,581,901</u>
		(Rupees)	
Net assets value per unit		<u>10.4929</u>	<u>10.0538</u>

The annexed notes 1 to 13 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 and three months period ended 31 December 2014

	Note	Six month period ended		Three month period ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----					
Income					
Income from government securities		360,430	470,980	167,071	255,011
Income from term deposit receipts		18,525	53,796	13,491	14,532
Income from money market placements		23,767	30,429	17,946	23,828
Profit on bank deposits		100,695	47,708	47,954	22,441
Capital gain / (loss) on sale of investments - net		2,564	76	2,140	(687)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.2	(389)	(8,778)	1,409	(5,973)
Total Income		505,592	594,211	250,011	309,152
Expenses					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	52,045	67,924	26,092	34,610
Sindh Sales Tax on remuneration of Management Company	8.1	9,056	12,707	4,239	7,377
Federal Excise Duty on remuneration of Management Company	8.2	8,327	10,868	4,175	5,538
Remuneration of Central Depository Company of Pakistan Limited - Trustee		4,079	5,098	2,016	2,577
Annual fee - Securities and Exchange Commission of Pakistan		3,701	4,955	1,827	2,512
Securities transaction cost		231	554	173	272
Bank charges		431	396	216	205
Listing fee		20	20	10	10
Stability rating fee		134	122	67	61
Auditors' remuneration		379	305	241	191
Amortisation of preliminary expenses and floatation costs		-	500	-	250
Legal and professional charges		25	33	12	33
Printing Charges		14	20	14	20
Total expenses		78,442	103,502	39,082	53,656
Net income from operating activities		427,150	490,709	210,929	255,496
Provision for Workers' Welfare Fund	9.1	(8,543)	(9,814)	(4,219)	(5,110)
Net income for the period before taxation		418,607	480,895	206,710	250,386
Taxation	11	-	-	-	-
Net income for the period after taxation		418,607	480,895	206,710	250,386

The annexed notes 1 to 13 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 and three months period ended 31 December 2014

	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees in '000)-----			
Net income for the period after taxation	418,607	480,895	206,710	250,386
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>418,607</u>	<u>480,895</u>	<u>206,710</u>	<u>250,386</u>

The annexed notes 1 to 13 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 and three months period ended 31 December 2014

	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
Undistributed income brought forward				
- Realised income	28,075	10,863	231,603	16,012
- Unrealised loss	(3,692)	(259)	(1,798)	(2,805)
	<u>24,383</u>	<u>10,604</u>	<u>229,805</u>	<u>13,207</u>
Interim distributions during the period				
Distribution of Rs. Nil (Re 0.0572 per unit declared on 30 July 2013)				
- Cash distribution	-	(12)	-	-
- Bonus distribution (2013: 7,196,678)	-	(72,248)	-	-
Distribution of Rs. Nil (Re 0.0602 per unit declared on 29 August 2013)				
- Cash distribution	-	(13)	-	-
- Bonus distribution (2013: 7,712,703)	-	(77,415)	-	-
Distribution of Rs. Nil (Re 0.0602 per unit declared on 27 September 2013)				
- Cash distribution	-	(13)	-	-
- Bonus distribution (2013: 7,790,561)	-	(78,173)	-	-
Distribution of Rs. Nil (Re 0.0602 per unit declared on 29 October 2013)				
- Cash distribution	-	(13)	-	(13)
- Bonus distribution (2013: 7,856,392)	-	(78,879)	-	(78,879)
Distribution of Rs. Nil (Re 0.0632 per unit declared on 28 November 2013)				
- Cash distribution	-	(14)	-	(14)
- Bonus distribution (2013: 8,083,382)	-	(81,122)	-	(81,122)
Distribution of Rs. Nil (Re 0.0653 per unit declared on 27 December 2013)				
- Cash distribution	-	(14)	-	(14)
- Bonus distribution (2013: 9,674,275)	-	(97,081)	-	(97,081)
	-	(484,997)	-	(257,123)
Net income for the period after taxation	418,607	480,895	206,710	250,386
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(17,939)	9,133	(11,464)	9,165
Undistributed income carried forward	<u>425,051</u>	<u>15,635</u>	<u>425,051</u>	<u>15,635</u>
Undistributed income carried forward comprising:				
- Realised income	425,440	24,413	423,642	21,608
- Unrealised (loss) / income	(389)	(8,778)	1,409	(5,973)
	<u>425,051</u>	<u>15,635</u>	<u>425,051</u>	<u>15,635</u>

The annexed notes 1 to 13 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 and three months period ended 31 December 2014

	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
Net assets at beginning of the period [Rs. 10.0538 per unit (2013: Rs. 10.0389)]	9,858,623	12,401,926	9,710,252	13,127,615
Issue of 288,952,718 units (2013: 512,019,278 units)	2,970,674	5,158,804	1,631,047	3,071,836
Redemption of 356,969,182 units (2013: 309,715,770 units)	(3,672,414)	(3,118,669)	(1,972,519)	(1,526,919)
Issue of bonus units: Nil (2013: 48,313,994 bonus units)	-	484,918	-	257,082
	(701,740)	2,525,053	(341,472)	1,801,999
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	17,939	(9,133)	11,464	(9,165)
Capital gain / (loss) on sale of investments - net	2,564	76	2,140	(687)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(389)	(8,778)	1,409	(5,973)
Other net income for the period	416,432	489,597	203,161	257,046
Total comprehensive income for the period	418,607	480,895	206,710	250,386
Interim distributions during the period				
Distribution of Rs. Nil (Re 0.0572 per unit declared on 30 July 2013)	-	(12)	-	-
- Cash distribution	-	(72,248)	-	-
- Bonus distribution (2013: 7,196,678)	-	-	-	-
Distribution of Rs. Nil (Re 0.0602 per unit declared on 29 August 2013)	-	(13)	-	-
- Cash distribution	-	(77,415)	-	-
- Bonus distribution (2013: 7,712,703)	-	-	-	-
Distribution of Rs. Nil (Re 0.0602 per unit declared on 27 September 2013)	-	(13)	-	-
- Cash distribution	-	(78,173)	-	-
- Bonus distribution (2013: 7,790,561)	-	-	-	-
Distribution of Rs. Nil (Re 0.0602 per unit declared on 29 October 2013)	-	(13)	-	(13)
- Cash distribution	-	(78,879)	-	(78,879)
- Bonus distribution (2013: 7,856,392)	-	-	-	-
Distribution of Rs. Nil (Re 0.0632 per unit declared on 28 November 2013)	-	(14)	-	(14)
- Cash distribution	-	(81,122)	-	(81,122)
- Bonus distribution (2013: 8,083,382)	-	-	-	-
Distribution of Rs. Nil (Re 0.0653 per unit declared on 27 December 2013)	-	(14)	-	(14)
- Cash distribution	-	(97,081)	-	(97,081)
- Bonus distribution (2013: 9,674,275)	-	(484,997)	-	(257,123)
Element of income / (loss) and capital gains / losses included in prices of units issued less those in units redeemed - net	(17,939)	9,133	(11,464)	9,165
Net assets at end of the period [Rs. 10.4929 per unit (2013: Rs. 10.0423)]	<u>9,575,490</u>	<u>14,922,877</u>	<u>9,575,490</u>	<u>14,922,877</u>

The annexed notes 1 to 13 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 and three months period ended 31 December 2014

Note	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	418,607	480,895	206,710	250,386
Adjustments:				
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	389	8,778	(1,409)	5,973
Amortisation of preliminary expenses and floatation costs	-	500	-	250
	<u>418,996</u>	<u>490,173</u>	<u>205,301</u>	<u>256,609</u>
Decrease / (increase) in assets				
Investments - net	2,608,366	(7,603,380)	(633,805)	(919,742)
Profit receivable	(18,770)	2,572	(15,063)	(9,198)
Advance, prepayment and other receivable	(2,855)	102	9,636	71
Receivable from a connected person	-	5,846,012	-	-
	<u>2,586,741</u>	<u>(1,754,694)</u>	<u>(639,232)</u>	<u>(928,869)</u>
Increase / (decrease) in liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	15,832	15,660	4,078	7,381
Payable to the Central Depository Company of Pakistan Limited - Trustee	(225)	404	(5)	49
Payable to Securities and Exchange Commission of Pakistan	(6,953)	(4,673)	1,827	2,512
Accrued expenses and other liabilities	7,864	9,709	3,334	4,758
	<u>16,518</u>	<u>21,100</u>	<u>9,234</u>	<u>14,700</u>
Net cash from / (used in) operating activities	<u>3,022,255</u>	<u>(1,243,421)</u>	<u>(424,697)</u>	<u>(657,560)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts from issue of units	2,970,674	5,158,804	1,631,047	3,071,836
Net payments against redemption of units	(9,507,776)	(3,117,512)	(1,961,837)	(1,537,935)
Distribution paid during the period	-	(79)	-	(41)
Net cash (used in) / from financing activities	<u>(6,537,102)</u>	<u>2,041,213</u>	<u>(330,790)</u>	<u>1,533,860</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(3,514,847)</u>	<u>797,792</u>	<u>(755,487)</u>	<u>876,300</u>
Cash and cash equivalents at beginning of the period	7,730,161	1,849,896	4,970,801	1,771,388
Cash and cash equivalents at end of the period	<u>6</u> <u>4,215,314</u>	<u>2,647,688</u>	<u>4,215,314</u>	<u>2,647,688</u>

The annexed notes 1 to 13 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 For the six and three months period ended 31 December 2014

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 2014 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 This 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 2014.

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).

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.

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 2014.

NAFA GOVERNMENT SECURITIES LIQUID 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 financial statements as at and for the year ended 30 June 2014.

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 2014.

	Note	31 December 2014 (Unaudited)	30 June 2014 (Audited)
(Rupees in '000)			
6 BANK BALANCES			
In current accounts		9,723	7,493,669
In savings accounts	6.1	3,905,591	236,492
Term deposit receipts	6.2	<u>300,000</u>	<u>-</u>
		<u>4,215,314</u>	<u>7,730,161</u>

6.1 These accounts carry profit at rates ranging from 6.5% to 10.75% (30 June 2014: 6.5% to 10.75%) per annum.

6.2 These accounts carry profit at the rate of 10.45% (30 June 2014: 8.8% to 10.18%) per annum.

7 INVESTMENTS

At fair value through profit or loss - held for trading

Government securities - Market Treasury Bills	7.1	4,062,951	8,121,706
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Loans and receivables

Certificate of investments	7.3	950,000	-
Term Deposit Receipts	7.4	<u>500,000</u>	<u>-</u>
		<u>5,512,951</u>	<u>8,121,706</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

7.1 Investment in government securities - Market Treasury Bills

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, 2014	Purchases during the period	Sales / matured during the period	As at December 31, 2014			
-----Rupees in '000-----								
Market Treasury Bills								
06 March 2014	6 Months	1,200,000	-	1,200,000	-	-	-	-
20 February 2014	6 Months	500,000	-	500,000	-	-	-	-
20 March 2014	6 Months	940,000	-	940,000	-	-	-	-
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	-	-	-	-
15 May 2014	3 Months	2,498,500	3,750	2,502,250	-	-	-	-
15 May 2014	6 Months	-	3,154,000	3,154,000	-	-	-	-
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	-	-	-	-
03 April 2014	6 Months	-	310,000	310,000	-	-	-	-
02 October 2014	3 Months	-	144,000	144,000	-	-	-	-
30 October 2014	6 Months	-	1,300,000	1,300,000	-	-	-	-
13 November 2014	6 Months	-	1,150,000	1,150,000	-	-	-	-
27 November 2014	6 Months	-	1,000,000	1,000,000	-	-	-	-
20 March 2014	12 Months	-	900,000	900,000	-	-	-	-
16 October 2014	3 Months	-	4,751,800	3,900,000	851,800	849,986	8.88%	15.42%
30 October 2014	3 Months	-	1,594,900	400,000	1,194,900	1,187,947	12.41%	21.55%
13 November 2014	3 Months	-	1,906,200	250,000	1,656,200	1,640,107	17.13%	29.75%
27 November 2014	3 Months	-	390,000	-	390,000	384,912	4.02%	6.98%
						<u>4,062,951</u>		
Carrying value before fair value adjustment as at 31 December 2014						<u>4,063,340</u>		

7.1 These carry a rate of return ranging from 9.25% to 10.20% (2014:7.91% to 10.50%) per annum.

	31 December 2014 (Unaudited)	31 December 2013 (Unaudited)
	(Rupees in '000)	

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

Market value of investments	4,062,951	11,329,877
Less: carrying value of investments	<u>(4,063,340)</u>	<u>11,338,655</u>
	<u>(389)</u>	<u>(8,778)</u>

7.3 These carry a rate of return ranging from 10.1% to 10.35% per annum with maturity dates ranging from 19 March 2015 to 25 June 2015.

7.4 These carry a rate of return 10.50% per annum and will be matured on 27 February 2015.

	Note	31 December 2014 (Unaudited)	30 June 2014 (Audited)
8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		(Rupees in '000)	
Management remuneration	8.1	8,656	2,242
Sindh Sales Tax	8.1	1,507	416
Federal Excise Duty	8.2	<u>30,089</u>	<u>21,762</u>
		<u>40,252</u>	<u>24,420</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

- 8.1 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 charges its remuneration at the rate of 10% of gross earnings of the Fund subject to upper cap of 1.25% & lower cap of 1% of Average Annual Net Asset. The fee shall be calculated on a daily basis. The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. However, the rate has been changed to 15% effective from 1 July 2014.
- 8.2 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. 32.471 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 31 December 2014 would have been higher by Rs. 0.0356 per unit.

	Note	31 December 2014 (Unaudited)	30 June 2014 (Audited)
(Rupees in '000)			
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		366	356
Brokerage		344	360
Bank charges		177	99
Provision for workers' welfare fund	9.1	115,902	107,359
Others		413	1,164
		117,202	109,338

- 9.1 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. 115.902 million (including Rs. 8.543 million for the current period). Had the same not been made the net assets value per unit of the Fund would have been higher by Rs 0.1270 per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no any contingencies and commitments outstanding as at 31 December 2014.

NAFA GOVERNMENT SECURITIES LIQUID FUND

11 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 at least 90% of the accounting income, 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 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 in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

12 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

12.1 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, directors, 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 directors and officers of the Management Company and unit holders holding 10 percent or more units of the Fund.

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

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

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

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

	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees in '000)-----			
Management Company				
Management fee expense for the period	52,045	67,924	26,092	34,610
Federal Excise Duty on remuneration of Management	8,327	10,868	4,175	5,538
Sindh sales tax on remuneration of the Management Company	9,056	12,707	4,239	7,377
Bonus units issued : Nil (31 December 2013: 550,163 units)	-	-	-	-
7,502,041 units issued (31 December 2013: 12,114,329 units)	77,000	122,000	42,000	62,000
25,447,949 units redeemed (31 December 2013: 11,095,848 units)	261,655	112,000	187,005	44,000
National Bank of Pakistan - Sponsor				
Cash Dividend	-	-	-	-
Market Treasury Bills purchased	1,291,199	12,030,324	1,291,199	598,551
Market Treasury Bills sold	3,004,934	6,636,552	-	2,241,284
Bonus units issued : Nil (31 December 2013: 22,886,249 units)	-	-	-	-
Units redeemed : Nil (31 December 2013: 19,921,509 units)	-	200,000	-	200,000
Placement of Term deposit receipt during the period	-	2,500,000	-	-
Bank profit earned in saving account	-	967	-	183
Profit earned in term deposit receipt	-	37,890	-	-
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee for the period	4,079	5,098	2,016	2,577
Kamal A Chinoy - Director				
Bonus units issued : Nil (31 December 2013: 3,002 units)	-	-	-	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
Aamir Sattar - Director				
Bonus units issued : Nil (31 December 2013: 1,986 units)	-	-	-	-
Chief Executive Officer				
Bonus units issued : Nil (31 December 2013: 7,305 units)	-	-	-	-
Units redeemed : Nil (31 December 2013: 3,535)	-	36	-	-
Chief Financial Officer				
Bonus units issued : Nil (31 December 2013: 2,605 units)	-	-	-	-
Units issued : Nil (31 December 2013: 49,688)	-	500	-	-
Units redeemed : Nil (31 December 2013: 9,927 units)	-	100	-	-
NAFA Provident Fund Trust - Provident Fund				
Bonus units issued : Nil (31 December 2013: 18,699 units)	-	-	-	-
154,582 units issued (31 December 2013: 61,833 units)	1,567	623	-	-
154,582 units redeemed (31 December 2013: 30,290 units)	1,572	305	-	-
Employees of the Management Company				
Bonus units issued : Nil (31 December 2013: 23,435 units)	-	-	-	-
1,291,239 units issued (31 December 2013: 543,247 units)	13,259	5,472	4,412	2,693
813,812 units redeemed (31 December 2013: 393,115 units)	8,393	3,956	6,129	1,346
NBP Employees Pension Fund				
Bonus units issued : Nil (31 December 2013: 537,878 units)	-	-	-	-
NBP Endowment Funds Students Loan Scheme				
Bonus units issued : Nil (31 December 2013: 1,109,541 units)	-	-	-	-
Units issued : Nil (31 December 2013: 941,788 units)	-	9,500	-	9,500
4,213,287 units redeemed (31 December 2013: 4,758,283 units)	44,000	48,000	44,000	3,000
NBP Exchange Company Limited				
Bonus units issued : Nil (31 December 2013: 291,389 units)	-	-	-	-
8,772,264 units issued (31 December 2013: 15,402,172 units)	92,000	155,080	92,000	155,080
5,908,303 units redeemed (31 December 2013: Nil Units)	60,000	-	-	-
NBP Leasing Limited Employees Provident Fund				
Bonus units issued : Nil (31 December 2013: 751 units)	-	-	-	-
96,324 units issued (31 December 2013: 84,808 units)	999	853	618	853
Units redeemed : Nil (31 December 2013: 10,310 units)	-	104	-	-
International Industries Limited - Employees Provident Fund				
315,519 units issued (31 December 2013: 166,266 units)	3,207	1,678	396	-
2,148,656 units redeemed (31 December 2013: Nil units)	22,312	-	20,978	-
Bonus units issued : Nil (31 December 2013: 84,462 units)	-	-	-	-
Market Treasury Bills purchased	-	73,074	-	4,465
Market Treasury Bills sold	-	7,951	-	-
International Industries Limited - Employees Gratuity Fund				
1,380,837 units issued (31 December 2013: 259,902 units)	14,172	2,622	6,853	-
923,960 units redeemed (31 December 2013: 1,867,935 units)	9,446	18,762	3,427	-
Bonus units issued : Nil (31 December 2013: 147,145 units)	-	-	-	-
Market Treasury Bills purchased	-	87,809	-	-
Market Treasury Bills sold	-	66,681	-	-
International Steel Limited - Employees Gratuity Fund				
179,834 units issued (31 December 2013: 20,874 units)	1,828	210	349	-
396,476 units redeemed (31 December 2013: 147,920 units)	4,087	1,487	2,532	-
Nil bonus units issued (31 December 2013: 13,665 units)	-	-	-	-
Market Treasury Bills purchased	2,261	8,400	2,261	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
International Steel Limited - Employees Provident Fund				
289,768 units issued (31 December 2013: 31,342 units)	2,929	316	66	-
688,435 units redeemed (31 December 2013: 46,954 units)	7,081	473	4,414	-
Bonus units issued : Nil (31 December 2013: 16,551 units)	-	-	-	-
Market Treasury Bills purchased	7,569	9,862	7,569	-
Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund				
Market Treasury Bills purchased	17,831	151,013	17,831	-
Market Treasury Bills sold	-	43,796	-	-
CDC Trustee NAFA Financial Sector Income Fund				
Market Treasury Bills purchased	-	68,979	-	68,979
CDC Trustee NAFA Income Opportunity Fund				
Market Treasury Bills purchased	-	60,603	-	60,603
Summit Bank Limited				
Market Treasury Bills sold	-	998,145	-	998,145
Bank profit received during the period	-	432	-	122
NAFA Money Market Fund				
Market Treasury Bills purchased	2,022,447	647,981	1,924,297	647,981
Market Treasury Bills sold	98,769	1,797,352	98,769	-
Mutual Fund Association of Pakistan - MUFAP				
689,879 units issued (31 December 2013: Nil units)	7,000	-	-	-
453,701 units redeemed (31 December 2013: Nil units)	4,665	-	3,600	-
Byco Oil Pakistan Limited- Employee Provident Fund				
Market Treasury Bills purchased	6,934	-	6,934	-
Byco Petroleum Pakistan Limited –Employee Provident Fund				
Market Treasury Bills purchased	6,934	-	6,934	-
NAFA Income Fund				
Market Treasury Bills purchased	98,943	-	98,943	-
Millat Tractor Limited Employees Pension Fund				
Market Treasury Bills purchased	28,984	-	28,984	-
12.6 Balances outstanding as at period / year end			31 December 2014	30 June 2014
			(Unaudited)	(Audited)
------(Rupees in '000)-----				
NBP Fullerton Asset Management Limited - Management Company				
Receivable from the Management Company			6,980	6,980
Remuneration payable			8,657	2,242
Federal Excise Duty Payable on remuneration			30,089	21,762
Sindh Sales Tax Payable on remuneration			1,506	416
Units held: 413,768 (30 June 2014: 18,359,676 units)			4,342	184,585
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable			671	896
National Bank of Pakistan - Sponsor				
Units held: 363,792,834 (30 June 2014: 363,792,834 units)			3,817,242	3,657,500
Balance in current account			2,977	1,976
Balance in saving account			473	215
Payable against redemption of units			-	5,855,272

NAFA GOVERNMENT SECURITIES LIQUID FUND

	31 December 2014 (Unaudited)	30 June 2014 (Audited)
	----- (Rupees in '000) -----	
Chief Executive Officer Units held: 311,382 (30 June 2014: 311,382 units)	3,267	3,131
Chief Financial Officer Units held: 46,899 (30 June 2014: 46,899 units)	492	472
Mr. Kamal A. Chinoy - Director Units held: 87,466 (30 June 2014: 87,466 units)	918	879
Employees of the Management Company Units held: 813,811 (30 June 2014: 336,385 units)	8,539	3,382
NBP Employees Pension Fund Units held: 15,670,778 (30 June 2014: 15,670,778 units)	164,432	157,551
NBP Endowment Funds Students Loan Scheme Units held: 16,136,589 (30 June 2014: 20,349,876 units)	169,320	204,594
NBP Exchange Company Limited Units held: 19,200,860 (30 June 2014: 16,336,899 units)	201,473	164,248
NBP Leasing Limited Employees Provident Fund Units held: 96,324 (30 June 2014: Nil units)	1,011	-
International Steels Limited - Employees Provident Fund Units held: Nil (30 June 2014: 398,667 units)	-	4,008
International Steels Limited - Employees Graduity Fund Units held: Nil (30 June 2014: 216,642 units)	-	2,178
International Industries Limited - Employee Graduity Fund Units held: 2,234,611 (30 June 2014: 1,777,733 units)	23,448	17,873
International Industries Limited - Employee Provident Fund Units held: Nil (30 June 2014: 1,833,137 units)	-	18,430
Summit Bank Limited Balance in Current Account	6,747	9,747
Pakistan Petroleum Limited Units held: Nil (30 June 2014: 127,215,099 units)	-	1,278,995
Mutual Fund Association of Pakistan - MUFAP Units held: 236,179 (30 June 2014: units)	2,478	

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 17, 2015 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

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