



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



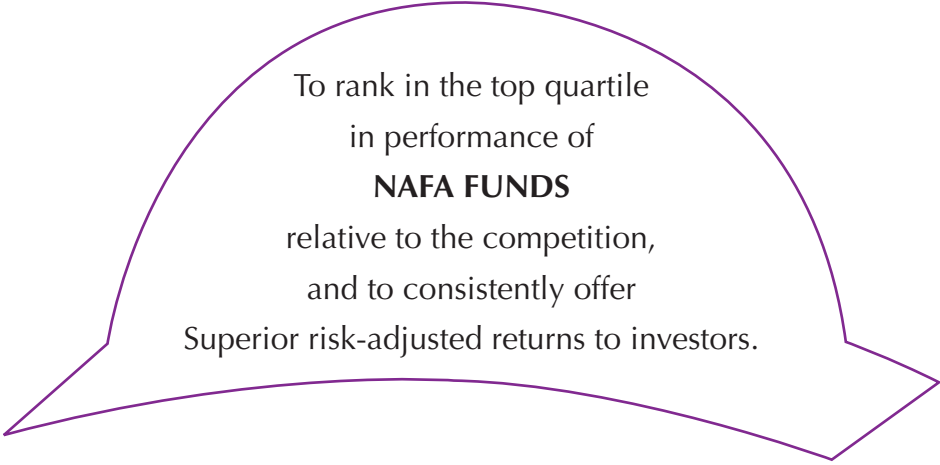
Joint - Venture Partners

NAFA ISLAMIC AGGRESSIVE INCOME 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 ISLAMIC AGGRESSIVE INCOME 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

MCB Financial Service Limited
3rd Floor, Adamjee House,
I.I. Chundrigar Road Karachi - 74000

Bankers to the Fund

Al-Baraka Islamic Bank
Bank Alfalah Limited
Burj Bank Limited
National Bank of Pakistan
NIB Bank Limited
Dubai Islamic Bank Limited
Meezan Bank Limited
Habib Bank Limited

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

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NAFA ISLAMIC AGGRESSIVE INCOME FUND

DIRECTORS' REPORT

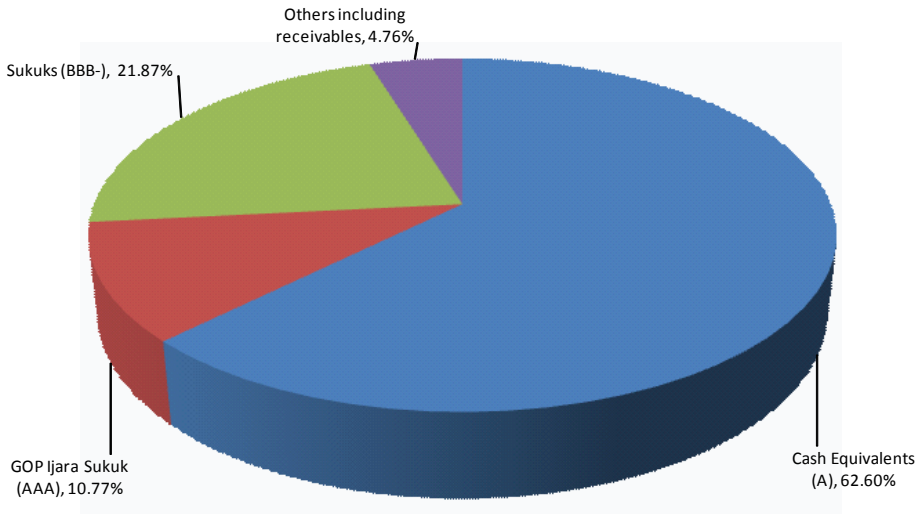
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Islamic Aggressive Income Fund (NIAIF) for the half year ended December 31, 2013.

Fund's Performance

The size of NAFA Islamic Aggressive Income Fund increased from Rs. 166 million to Rs. 169 million during the period, i.e. an increase of 1.94%. During the said period, the unit price of the Fund increased from Rs. 8.7896 (Ex-Div) on June 30, 2013 to Rs. 9.1272 on December 31, 2013, thus showing annualized return of 7.62% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks) return of 6.48%.

NIAIF is categorized as Islamic Aggressive Income Scheme and has been awarded stability rating of BBB+(f) by PACRA. 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. All Sukuks in the Fund are floating rate linked to KIBOR. Therefore, they carry a relatively low risk and any increase in interest rates will increase the coupon income of the Sukuk portfolio.

The Fund has earned total income of Rs.10.30 million during the period. After accounting for expenses of Rs.5.95 million, the net income is Rs.4.35 million. The below chart presents the asset allocation and the average credit rating of each of the sub-asset classes of NIAIF:



NAFA ISLAMIC AGGRESSIVE INCOME 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 13, 2014

Place: Karachi.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

NAFA Islamic Aggressive Income Fund, an open-end Scheme established under a Trust Deed dated August 20, 2007 executed between NBP Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on September 03, 2007.

CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee with effect from November 22, 2011.

1. NBP Fullerton Asset Management Limited, the Management Company of NAFA Islamic Aggressive Income Fund has in all material respects managed NAFA Islamic Aggressive Income Fund during the period ended 31st December 2013 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Karachi: February 7, 2014

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

NAFA ISLAMIC AGGRESSIVE INCOME 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 Islamic Aggressive Income 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 ISLAMIC AGGRESSIVE INCOME 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	105,685	37,546
Investments	7	55,109	119,569
Profit receivable	8	10,408	10,883
Advance, deposit and prepayments		524	344
Total assets		<u>171,726</u>	<u>168,342</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		588	344
Payable to the MCB Financial Services Limited - Trustee		14	13
Payable to Securities and Exchange Commission of Pakistan		62	133
Accrued expenses and other liabilities	9	2,230	2,241
Total liabilities		<u>2,894</u>	<u>2,731</u>
Net assets		<u>168,832</u>	<u>165,611</u>
Unit holders' funds (as per statement attached)		<u>168,832</u>	<u>165,611</u>
Contingency and commitment	10		
		(Number of units)	
Number of units in issue		<u>18,497,615</u>	<u>18,039,933</u>
		(Rupees)	
Net assets value per unit		<u>9.1272</u>	<u>9.1803</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 ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Income Statement (Unaudited) For the six months and three months period ended 31 December 2013

Note	Six months period ended		Three months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
----- (Rupees in '000) -----				
Income				
Capital gain / (loss) on sale of investments - net	11	9	11	(4)
Profit on bank deposits	3,500	1,441	2,254	732
Income from sukuk bonds	6,636	8,781	3,575	3,731
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.3	152	26	112
Total income		<u>10,299</u>	<u>10,257</u>	<u>5,952</u>
Expenses				
Remuneration of NBP Fullerton Asset Management Limited - Management Company		1,661	1,798	836
Sindh sales tax on remuneration to Management Company		313	288	181
Federal Excise Duty on remuneration to Management Company		266	-	134
Remuneration of MCB Financial Services Limited - Trustee		83	90	42
Annual fee - Securities and Exchange Commission of Pakistan		62	68	31
Annual listing fee		15	15	7
Settlement and bank charges		30	61	2
Auditors' remuneration		242	222	140
Provision against non-performing sukuk bonds classified as 'available for sale' - net	7.5	2,953	5,859	1,101
Fund rating fee		111	100	56
Securities transaction cost		-	2	-
Amortisation of preliminary expenses and floatation costs		-	160	-
Other expenses		126	9	126
Total expenses		<u>5,862</u>	<u>8,672</u>	<u>2,656</u>
Net income from operating activities		<u>4,437</u>	<u>1,585</u>	<u>3,296</u>
Provision for Workers' Welfare Fund	11	(89)	(32)	(66)
Net income for the period before taxation		<u>4,348</u>	<u>1,553</u>	<u>3,230</u>
Taxation	12	-	-	-
Net income for the period after taxation		<u><u>4,348</u></u>	<u><u>1,553</u></u>	<u><u>3,230</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 ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Statement of Comprehensive Income (Unaudited) For the six months and three months period ended 31 December 2013

	Six months period ended		Three months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	----- (Rupees in '000) -----			
Net income for the period after taxation	4,348	1,553	3,230	2,758
Other comprehensive income for the period				
Items to be reclassified to income statement in subsequent periods:				
Unrealised appreciation in the market value of investments classified as 'available for sale' - net	1,905	1,533	1,266	1,566
Total comprehensive income for the period	<u>6,253</u>	<u>3,086</u>	<u>4,496</u>	<u>4,324</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 ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Distribution Statement (Unaudited) For the six months and three months period ended 31 December 2013

	Six months period ended		Three months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	----- (Rupees in '000) -----			
Accumulated loss brought forward				
Realised income / (loss)	1,958	(4,680)	(3,957)	(5,980)
Unrealised income / (loss)	59	(74)	40	23
	<u>2,017</u>	<u>(4,754)</u>	<u>(3,917)</u>	<u>(5,957)</u>
Final distribution for the year ended 30 June 2013: 3.911% [(30 June 2012: Nil)]				
- Bonus units	(4,075)	-	-	-
- Cash distribution	(2,997)	-	-	-
Net income for the period after taxation	4,348	1,553	3,230	2,758
Element of income and capital gains included in prices of units issued less those in units redeemed - net	17	(3)	(3)	(5)
Accumulated loss carried forward	<u>(690)</u>	<u>(3,204)</u>	<u>(690)</u>	<u>(3,204)</u>
Accumulated loss comprising of:				
Realised (loss)	(842)	(3,230)	(802)	(3,207)
Unrealised income	152	26	112	3
	<u>(690)</u>	<u>(3,204)</u>	<u>(690)</u>	<u>(3,204)</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 ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Statement of Movement In Unit Holders' Fund (Unaudited) For the six months and three months period ended 31 December 2013

	Note	Six months period ended		Three months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
----- (Rupees in '000) -----					
Net assets at beginning of the period		165,611	178,615	164,493	177,413
Issue of 107,301 units (2012 : 60,026 units)		962	514	-	2
Redemption of 112,847 units (2012 : 142,050 units)		(997)	(1,222)	(157)	(746)
Issue of bonus 463,229 units: Nil (2012: Nil bonus units)		4,075	-	-	-
		4,040	(708)	(157)	(744)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(17)	3	3	5
Net unrealised appreciation in the market value of investments classified as 'available for sale'	7.4	1,905	1,533	1,266	1,566
Capital gain / (loss) on sale of investments - net		11	9	11	(4)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		152	26	112	3
Other net income for the period		4,185	1,518	3,107	2,759
		4,348	1,553	3,230	2,758
Final distribution for the year ended 30 June 2013: 3.911% [(30 June 2012: Nil)]					
- Bonus units		(4,075)	-	-	-
- Cash distribution		(2,997)	-	-	-
		(7,072)	-	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		17	(3)	(3)	(5)
Net assets at end of the period		168,832	180,993	168,832	180,993

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 ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Cash Flow Statement (Unaudited) For the six months and three months period ended 31 December 2013

	Six months period ended		Three months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	4,348	1,553	3,230	2,758
Adjustments				
Amortisation of preliminary expenses and floatation costs	-	160	-	34
Capital (gain) / loss on sale of investments - net	(11)	(9)	(11)	4
Provision against non-performing sukuk bonds classified as 'available for sale'	2,953	5,859	1,101	286
Net unrealised (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(152)	(26)	(112)	(3)
	<u>7,138</u>	<u>7,537</u>	<u>4,208</u>	<u>3,079</u>
(Increase) / decrease in assets				
Investments - net	63,575	(14,967)	34,797	(2,372)
Advance, deposit and prepayments	(180)	(15)	(1,211)	2,945
Profit receivable	475	215	442	462
	<u>63,870</u>	<u>(14,767)</u>	<u>34,028</u>	<u>1,035</u>
Increase / (decrease) in liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	244	18	176	16
Payable to the MCB Financial Services Limited - Trustee	1	(1)	1	(15)
Payable to Securities and Exchange Commission of Pakistan	(71)	(59)	31	34
Accrued expenses and other liabilities	(11)	123	(104)	(14)
	<u>163</u>	<u>81</u>	<u>103</u>	<u>21</u>
Net cash flows from / (used in) operating activities	<u>71,171</u>	<u>(7,149)</u>	<u>38,339</u>	<u>4,135</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from issue of units	962	514	-	2
Net payments on redemption of units	(997)	(1,222)	(157)	(746)
Distributions paid during the period	(2,997)	-	-	-
Net cash (used in) financing activities	<u>(3,032)</u>	<u>(708)</u>	<u>(157)</u>	<u>(744)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>68,139</u>	<u>(7,857)</u>	<u>38,182</u>	<u>3,391</u>
Cash and cash equivalents at beginning of the period	37,546	39,611	67,503	28,363
Cash and cash equivalents at end of the period	<u>105,685</u>	<u>31,754</u>	<u>105,685</u>	<u>31,754</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 ISLAMIC AGGRESSIVE INCOME FUND

Notes to and forming part of the Condensed Interim Financial information (Unaudited) For the six months period ended 31 December 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Aggressive Income 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 executed on 20 August 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 September 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. With effect from 22 November 2011, the SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL.

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 core objective of the Fund is to provide preservation of capital and earn a reasonable rate of return. The principal activity of the Fund is to make investments in Shariah compliant securities, having a good credit rating and liquidity subject to the guidelines prescribed by SECP.

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

Title to the assets of the Fund is held in the name of MCB Financial Services Limited as the 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 ISLAMIC AGGRESSIVE INCOME 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 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	(Un-Audited) December 31 2013 (Rupees in '000)	(Audited) June 30, 2013
6 BANK BALANCES			
Current accounts		614	1,719
Savings accounts	6.1	<u>105,071</u>	<u>35,827</u>
		<u>105,685</u>	<u>37,546</u>
These accounts carry profit at rates ranging from 6% to 10% (30 June 2013: 9.3% to 11.8%) per annum.			
7 INVESTMENTS			
Available for sale			
Sukuk and Ijara bonds	7.1	36,926	57,495
Financial assets at fair value through profit or loss - held for trading			
Sukuk and Ijara bonds	7.2	<u>18,183</u>	<u>62,074</u>
		<u>55,109</u>	<u>119,569</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

7.1 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of Certificates				Market value as at December 31, 2013	Investment as a percentage of	
	As at July 1, 2013	Purchases during the period	Sale / Matured during the period	As at December 31, 2013		Market value of Net assets	Market value of total investments
	----- (Number of certificates) -----				(Rupees in '000)		
Engro Fertilizer Limited	4,600	-	-	4,600	22,834	13.52%	41.43%
Kohat Cement Company Limited	20,000	-	-	20,000	5,084	3.01%	9.23%
Maple Leaf Cement Factory Limited (note 7.1.4)	5,312	-	-	5,312	9,008	5.34%	16.35%
New Allied Electronics Industries (Private) Limited -1st issue (note 7.1.5)	352,000	-	-	352,000	-	-	-
New Allied Electronics Industries (Private) Limited -2nd issue (note 7.1.5)	1,000	-	-	1,000	-	-	-
Pak Electron Limited (note 7.1.6)	7,000	-	-	7,000	-	-	-
GOP Ijara Sukuk - issue date 15.11.2010	1,960	-	1,960	-	-	-	-
	<u>391,872</u>	<u>-</u>	<u>1,960</u>	<u>389,912</u>	<u>36,926</u>		
Carrying value of investments as at 31 December 2013					<u>178,438</u>		
Provision for impairment losses as at 31 December 2013					<u>143,417</u>		

7.1.1 Significant terms and conditions of sukuk bonds outstanding as at 31 December 2013 are as follows:

Sukuk bonds	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Engro Fertilizer Limited	5,000	1.5% + 6 Month KIBOR	06 Sep 2007	06 Sep 2015
Kohat Cement Company Limited	339	2.5% + 6 Month KIBOR	20 Dec 2007	20 Dec 2016
Maple Leaf Cement Factory Limited	4239	1% + 3 Month KIBOR	03 Dec 2007	03 Dec 2018
New Allied Electronics Industries (Private) Limited - 1st issue	313	2.6% + 6 Month KIBOR	25 Jul 2007	25 Jul 2015
New Allied Electronics Industries (Private) Limited - 2nd issue	4,905	2.2% + 6 Month KIBOR	03 Dec 2007	03 Dec 2015
Pak Elektron Limited	2,143	1.75% + 3 Month KIBOR	28 Sep 2007	28 Sep 2014

- 7.1.2** All sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics (Private) Limited - 1st issue and Government of Pakistan Ijara bond which have a face value of Rs 312.5 and Rs 100,000 each respectively.
- 7.1.3** Fair value of all performing listed term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP).
- 7.1.4** Maple Leaf Cement Factory Limited defaulted for the second time in the payment of principal and mark-up due on September 03, 2011 (earlier default on December 03, 2009). In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by SECP, the exposure has been classified as non-performing (both by the fund and MUFAP). During the period, the Fund received principal repayments amounting to Rs. 20 million (2 installments of 0.664 million each) along with markup of Rs. 2.524 million. A provision of 60% i.e. Rs. 13.511 million has been made in respect of the outstanding exposure and no further mark-up is being accrued.
- 7.1.5** These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided. The investment has been fully provided. The income suspended on these term finance certificates up to 31 December 2013 amounted to Rs.83.630 million (30 June 2013: Rs. 76.882 million) and Rs. 3.751 million respectively (30 June 2013: Rs. 3.458 million).
- 7.1.6** This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.563 million was not received by the Fund. The investment has been fully provided. The income suspended on these sukuk bonds up to 31 December 2013 amounted to Rs. 1.272 million (30 June 2013: Rs. 1.187 million).
- 7.1.7** The sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the user.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

7.2 Sukuk and Ijara bonds - At fair value through profit or loss - held for trading

Name of the investee company	Number of certificates / bonds				Market value as at December 31, 2013	Investment as a percentage of	
	As at July 1, 2013	Purchases during the period	Sale / Matured during the period	As at December 31, 2013		Market value of net assets	Market value of total investments
	----- (Number of certificates)-----				(Rupees in '000)		
GOP Ijara Sukuk - issue date 07.03.2011	400	-	-	400	2,003	1.19%	3.63%
GOP Ijara Sukuk - issue date 26.12.2011	3,000	-	3,000	-	-	-	-
GOP Ijara Sukuk - issue date 02.03.2012	2,800	-	1,000	1,800	9,100	5.39%	16.51%
GOP Ijara Sukuk - issue 30.04.2012	800	-	-	800	4,043	2.39%	7.34%
HUBCO Short Term Islamic Sukuk Issue 14.02.2013 (note 7.2.3)	2,400	-	2,400	-	-	-	-
HUBCO Short Term Islamic Sukuk Issue 13.03.2013 (note 7.2.3)	2,400	-	2,400	-	-	-	-
GOP Ijara Sukuk - issue 18.09.2012	600	-	-	600	3,037	1.80%	5.51%
	<u>12,400</u>	<u>-</u>	<u>8,800</u>	<u>3,600</u>	<u>18,183</u>		
Carrying value of investments as at 31 December 2013					<u>18,031</u>		

Significant terms and conditions of sukuk bonds outstanding as at 31 December 2013 are as follows:

7.2.1 Significant terms and conditions of sukuk bonds outstanding as at 31 December 2013 are as follows:

Sukuk bonds	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
GOP Ijara Sukuk - issue date 07.03.2011	5,000	6 Month weighted average yield on T Bills	07 Mar 2011	07 Mar 2014
GOP Ijara Sukuk - issue date 02.03.2012	3,214	6 Month weighted average yield on T Bills	02 Mar 2012	02 Mar 2015
GOP Ijara Sukuk - issue date 30.04.2012	5,000	6 Month weighted average yield on T Bills	30 Apr 2012	30 Apr 2015
GOP Ijara Sukuk - issue date 18.09.2012	5,000	6 Month weighted average yield on T Bills	18 Sep 2012	18 Sep 2015

7.2.2 All sukuk bonds have a face value of Rs 5,000 each except Government of Pakistan Ijara bonds which have a face value of Rs 100,000 each respectively.

7.2.3 As per clause 2B(i)(a) of circular no. 33 of 2012, investment in thinly and non-traded debt securities with maturity of up to six months are valued at their amortized cost.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	Note	December 31, 2013	December 31, 2012
(Rupees in '000)			
7.3			
Net unrealised appreciation on remeasurement of classified as fair value through profit or loss			
Market value of investments	7.2	18,183	73,041
Carrying value of investments		(18,031)	(73,015)
		<u>152</u>	<u>26</u>
7.4			
Unrealised appreciation on remeasurement of investments classified as 'available for sale' - net			
Market value of investments	7.1	36,926	67,256
Carrying value of investments		(178,438)	(203,742)
		(141,512)	(136,486)
Provision against non-performing sukus			
Balance as at 1 July		140,464	132,160
Provision made during the period		3,750	6,412
Reversal of provision due to redemption of principal		(797)	(553)
Balance as at 31 December	7.5	<u>143,417</u>	<u>138,019</u>
		<u>1,905</u>	<u>1,533</u>
7.5			
Movement in provision against non-performing sukus			
Balance as at 1 July		140,464	132,160
Provision made during the period		3,750	6,412
Reversal of provision due to redemption of principal		(797)	(553)
		<u>2,953</u>	<u>5,859</u>
Balance as at 31 December		<u>143,417</u>	<u>138,019</u>
		December 31, 2013	June 30, 2013
		(Un-audited)	(Audited)
(Rupees in '000)			
8			
PROFIT RECEIVABLE			
Profit on savings deposits		1,036	282
Income accrued on sukuk bonds		9,372	10,601
		<u>10,408</u>	<u>10,883</u>
9			
ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		268	316
Bank charges payable		29	50
Payable to brokers		22	22
Provision for Workers' Welfare Fund	11	1,471	1,383
Printing charges payable		69	104
CDC settlement charges		22	-
Others		349	366
		<u>2,230</u>	<u>2,241</u>
10			
CONTINGENCY AND COMMITMENT			

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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. 1.471 million, if the same were not made the net assets value per unit of the Fund would have been higher by Rs. 0.0795.

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.

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 as at 2 November 2011 and MCB Financial Services Limited (MCBFSL) being the new Trustee from 22 November 2011, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 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 and front end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 13.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

13.5 Transactions during the period

	Six months period ended		Three months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
NBP Fullerton Asset Management Company Limited - Management Company				
Management fee expense for the period	1,661	1,798	836	901
Front end load for the period	7	4	-	-
Sindh Sales Tax on Management fee	313	288	181	144
FED on Management Fee	266	-	134	-
National Bank of Pakistan - Sponsor				
Cash Dividend	2,933	-	-	-
Alexandra Fund Management Pte. Limited - Sponsor				
Bonus units issued 428,370 units (31 December 2012: Nil units)	-	-	-	-
MCB Financial Services Limited - Trustee				
Trustee fee for the period	83	90	42	45
Central Depository Company of Pakistan Limited - Ex Trustee				
CDS charges	16	2	7	(7)
Key management personnel of the Management Company				
Units redeemed Nil units (31 December 2012: 9,738 units)	-	83	-	-
AKHUWAT				
Payment received from sale of GOPIS	20,501	-	20,501	-

NAFA ISLAMIC AGGRESSIVE INCOME FUND

13.6 Balances 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 Company Limited - Management Company		
Management fee payable	284	269
Sindh sales tax payable	70	43
FED Payable	221	26
Others	13	6
MCB Financial Services Limited - Trustee		
Remuneration payable	14	13
Security deposits	100	100
Central Depository Company of Pakistan Limited - Ex Trustee		
CDS Charges	22	16
Security deposits	100	100
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund 7,500,000 units (30 June 2013: 7,500,000 units)	68,454	68,852
Balance in current account	14	14
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund 10,064,351 units (30 June 2013: 9,635,981 units)	91,859	88,461
The Hub Power Company Limited		
Investment in HUBCO short term islamic sukuk	-	24,000

14 DATE OF AUTHORISATION FOR ISSUE

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

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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