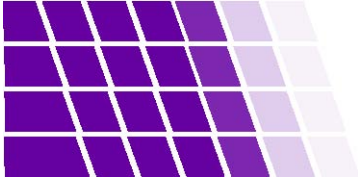


MISSION STATEMENT

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

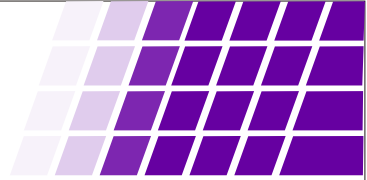


NAFA FUNDS

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NAFA FUNDS



FUNDS' INFORMATION

Management Company

National Fullerton Asset Management Limited.

Board of Directors of the Management Company

Mr. Masood Karim Shaikh	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Gerard Lee How Cheng	Director
Mr. Raymond H. Kotwal	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shahid Anwar Khan	Director
Syed Naseer ul Hassan	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Gerard Lee How Cheng	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Raymond H. Kotwal	Member

Trustee

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

Bankers to the Fund

NAFA STOCK FUND

Allied Bank Limited
Askari Bank Ltd.
Atlas Bank Ltd.
Bank Alfalah Limited
Bank Al-Habib Limited
Deutsche Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Ltd.
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Saudi Pak Commercial Bank
Soneri Bank Limited
Standard Chartered Bank (PAK) Ltd.
The Bank of Punjab
United Bank Ltd.





NAFA FUNDS

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O. Box 4716
Karachi.

Legal Advisor

Jooma & Soomro, Advocates and Legal Consultants
103, Ammera Centre,
Shahrah-e-Iraq, Karachi.

Head Office

9th Floor, Adamjee House
I.I. Chundrigar Road,
Karachi.

Lahore Office :

68-B-1, M.M. Alam Road,
Gulberg 3, Lahore.
Uan : 042-111-111-632
Phone No. 042-5778248-63
Fax: 042-5876806

Islamabad Office:

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

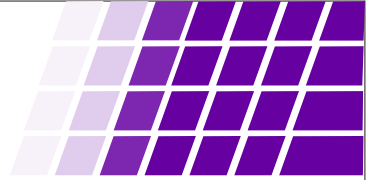
Peshawar Office:

1st Floor Haji Tehmas Centre,
Near KFC, Tehkal Payan
University Road, Peshwar.
Phone No. 92-91-5711784, 5711782
Fax: 92-91-5211780

Multan Office:

82 Khan Centre Near SP Chowk
Abdali Road, Multan Cantt,
Multan.

NAFA STOCK FUND



NAFA STOCK FUND

**HALF YEARLY REPORT
FOR THE HALF YEAR ENDED DECEMBER 31, 2008
(UN-AUDITED)**





NAFA STOCK FUND

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NAFA STOCK FUND

DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Stock Fund for the half year ended December 31, 2008.

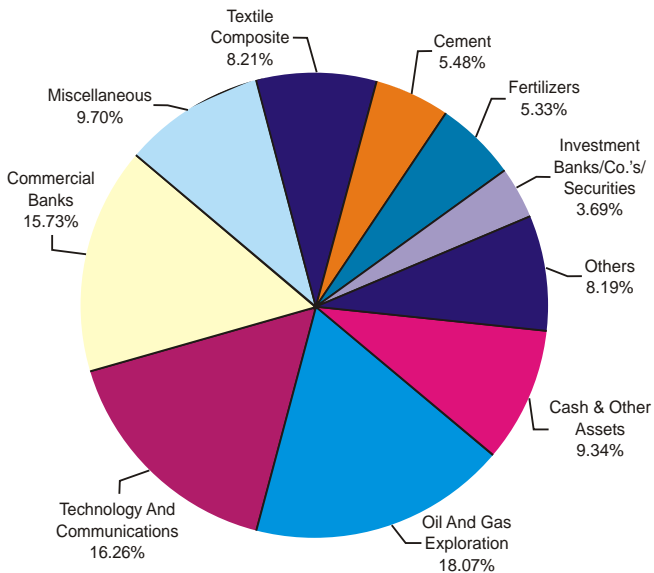
Fund's Performance

Assets under management of NAFA Stock Fund have reduced from Rs.2,566 million to Rs.960 million during the period, i.e. a decline of 62.59%. This is due to a significant drop in the value of assets during the period, as well as the redemption pressure due to the overall liquidity crunch in the financial markets. During this period, the unit price of your fund has decreased from Rs.11.1621 on June 30, 2008 (Ex-Div) to Rs.5.1662 on December 31, 2008, thus showing a decline of 53.72%, while, the benchmark (KSE-30 Index) has recorded a decline by 61.71%, during the period. Thus the Fund has outperformed its benchmark by 7.99%.

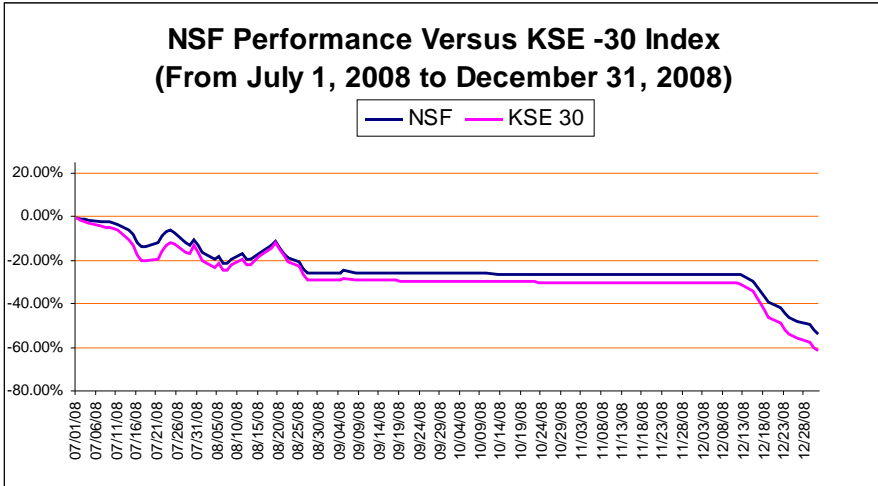
NAFA Stock Fund has incurred total loss of Rs.1,083.57 million during the period. After deducting expenses of Rs.31.06 million, the net loss is Rs.1,114.63 million, translating into loss per unit of Rs.5.9959.

The asset allocation of the Fund as on December 31, 2008, and its performance against the KSE-30 Index are as follows:

Asset Allocation as on December 31, 2008



NAFA STOCK 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.

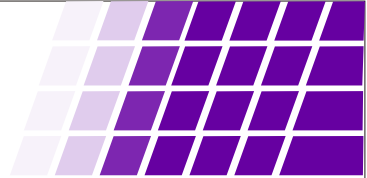
On behalf of the Board of
National Fullerton Asset Management Limited

Masood Karim Shaikh, FCA
Chairman

Dr. Amjad Waheed, CFA
Chief Executive

Date: February 17, 2009
Place: Karachi.

NAFA STOCK FUND



TRUSTEE REPORT TO THE UNIT HOLDERS

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

NAFA Stock Fund (the Fund), an open-end scheme was established under a trust deed dated December 06, 2006 executed between National Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2008 to December 31, 2008 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

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 27, 2009





NAFA STOCK FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Stock Fund** as at December 31, 2008, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' funds together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2008. The Management Company (National Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' funds for the quarters ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

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 as of and for the half year ended December 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Ferguson & Co.

Chartered Accountants

Dated : February 24, 2009
Karachi

NAFA STOCK FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2008

	Note	(Unaudited) December 31, 2008	(Audited) June 30, 2008
-----Rupees in '000-----			
Assets			
Balances with banks		93,142	621,436
Investments	4	870,686	1,879,844
Receivable against sale of investment		-	98,049
Advances, deposits, prepayments and other receivables		3,750	3,661
Dividend and profit receivable	5	4,846	14,052
Preliminary expenses and floatation costs		1,523	1,778
Total assets		<u>973,947</u>	<u>2,618,820</u>
Liabilities			
Accrued expenses and other liabilities	6	9,097	6,747
Payable on redemption of units		-	19,570
Payable to National Fullerton Asset Management Limited - Management Company		3,445	24,381
Payable to Central Depository Company of Pakistan Limited - Trustee		198	297
Payable to Securities and Exchange Commission of Pakistan		840	2,089
Total liabilities		<u>13,580</u>	<u>53,084</u>
Net assets		<u>960,367</u>	<u>2,565,736</u>
Unit holders funds (as per statement attached)		<u>960,367</u>	<u>2,565,736</u>
Commitments			
	7	-----Number of units-----	
Number of units in issue		<u>185,893,982</u>	<u>223,802,795</u>
		-----Rupees-----	
Net asset value per unit		<u>5.1662</u>	<u>11.4643</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA STOCK FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

Note	Half year ended		Quarter ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
-----Rupees in '000-----				
Income				
Profit on bank deposits	7,678	8,833	1,579	5,387
Income from Continuous Funding System (CFS) transactions	925	-	-	-
Gain / (Loss) on sale of investments - net	(120,562)	173,941	(3,600)	177,852
Dividend Income	35,387	14,937	25,533	9,866
Net unrealised appreciation / (diminution) in the value of investments at fair value through profit or loss	(1,079,696)	54,161	(582,754)	(33,642)
Total income	(1,156,268)	251,872	(559,242)	159,463
Expenses				
Remuneration of National Fullerton Asset Management Limited - Management Company	25,416	23,943	11,066	13,510
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,351	1,306	621	701
Annual fee - Securities and Exchange Commission of Pakistan	840	804	362	451
Annual listing fee	15	15	7	7
Brokerage and other transaction costs	1,709	14,116	54	3,993
Settlement charges and bank charges	80	205	(636)	28
Financial charges	-	166	-	144
Auditors' remuneration	239	158	138	79
Others	1,105	-	766	-
Fund rating fee	50	-	25	-
Amortisation of preliminary expenses and floatation costs	253	252	128	126
Total expenses	31,058	40,965	12,531	19,039
Net income / (loss) from operating activities	(1,187,326)	210,907	(571,773)	140,424
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	72,702	(4,517)	5,462	(36,544)
Net income / (loss) for the period	(1,114,624)	206,390	(566,311)	103,880

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The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA STOCK FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

	Half year ended		Quarter ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
-----Rupees in '000-----				
Undistributed income brought forward	273,082	442,474	(390,458)	333,063
Final distribution for the year ended June 30, 2008: 3.022% (2007: 22.60%)				
- Bonus units	(55,991)	(230,034)	-	-
- Cash Distribution	(11,614)	-	-	-
Net element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of the unitholders' funds	(49,883)	69,705	(2,261)	51,592
Net income / (loss) for the period	(1,114,624)	206,390	(566,311)	103,880
Undistributed income / (loss) carried forward	<u>(959,030)</u>	<u>488,535</u>	<u>(959,030)</u>	<u>488,535</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA STOCK FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

	Half year ended		Quarter ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
-----Rupees in '000-----				
Net assets at the beginning of the period	2,565,736	1,460,323	1,548,222	1,617,409
Issue of 27,542,256 units including 5,015,757 bonus units. (2007: 80,873,778 units)	222,265	1,032,037	2,456	511,148
Redemption of 65,451,069 units (2007: 66,507,026 units)	(628,694) (406,429)	(862,894) 169,143	(18,538) (16,082)	(428,608) 82,540
Final distribution for the year ended June 30, 2008: 3.022% (2007: 22.60%)	55,991			
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing accrued (income) / loss and capital (gains) / losses - transferred to Income Statement	(72,702)	4,517	(5,462)	36,544
- amount representing (income) / loss that form part of the unitholders' funds - transferred to Distribution Statement	49,883 (22,819)	(69,705) (65,188)	2,261 (3,201)	(51,592) (15,048)
Net income / (loss) for the period	(1,114,624)	206,390	(566,311)	103,880
Distribution				
Final distribution for the year ended June 30, 2008				
- Bonus units	(55,991)			
- Cash distribution	(11,614)			
Net element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased				
- amount representing income / (losses) that form part of unit holders' funds	(49,883)	69,705	(2,261)	51,592
Net assets as at the end of the period	960,367	1,840,373	960,367	1,840,373

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA STOCK FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

	Half year ended		Quarter ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
-----Rupees in '000-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	(1,114,624)	206,390	(566,311)	103,880
Adjustments				
Net unrealised (appreciation) / diminution on investments at fair value through profit or loss	1,079,696	(54,161)	582,754	33,642
Amortization of preliminary expenses and floatation costs	253	252	126	126
(Gain) / loss on sale of investment	120,562	-	3,600	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(72,702)	4,517	(5,462)	36,544
	13,185	156,998	14,707	174,192
(Increase) / decrease in assets				
Receivable from sale of investment	98,049	-	49,461	-
Investments	(191,100)	(678,907)	(30,993)	(357,466)
Loans and receivables	-	-	-	(2,533)
Advances, deposits, prepayments and other receivables	(89)	(2,533)	(114)	3,772
Dividend and profit receivable	9,206	(1,977)	3,651	-
	(83,934)	(683,417)	22,005	(356,227)
Increase / (decrease) in liabilities				
Accrued expenses and other liabilities	2,352	529	(4,030)	699
Payable on redemption of units	(19,570)	95,571	(2,174)	95,571
Short term borrowing	-	-	-	(17,000)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(1,249)	378	(1,728)	25
Payable to National Fullerton Asset Management Limited - Management Company	(20,936)	7,178	(5,557)	(2,648)
Payable to Central Depository Company of Pakistan Limited - Trustee	(99)	70	(19)	43
	(39,502)	103,726	(13,508)	76,690
Net cash inflow / (outflow) on operating activities	(110,251)	(422,693)	23,204	(105,345)
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	222,265	1,032,037	2,456	511,148
Payments on redemption of units	(628,694)	(862,894)	(18,538)	(428,608)
Distribution paid	(11,614)	-	-	-
Net cash inflow / (outflow) on financing activities	(418,043)	169,143	(16,082)	82,540
Net increase / (decrease) in cash and cash equivalents during the period	(528,294)	(253,550)	7,122	(22,805)
Cash and cash equivalents at the beginning of the period	621,436	282,583	86,020	51,838
Cash and cash equivalents at the end of the period	93,142	29,033	93,142	29,033

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA STOCK FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Stock Fund (NSF) was established under a Trust Deed executed between National Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on December 6, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

NSF 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 investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has revised the rating of the Management Company to AM-Developing Situation from AM2 and of the Fund to 'Rating Watch-Developing' Status from A(f) on December 29, 2008. The Fund has one year performance rating of 'three star' dated June 30, 2008.

During the period subsequent to the introduction of Floor on equity prices at the stock exchange, the Fund suspended pricing, issuance and suspension of units with effect from October 7, 2008. The action was taken pursuant to the Securities and Exchange Commission of Pakistan's direction under section 282D of the Companies Ordinance, 1984 given vide circular No. 23 of 2008, dated October 7, 2008, to ensure protection of all unitholders as, in MUFAP's opinion, there was a serious possibility of unfair treatment to unitholders who wished to continue holding their units relative to those who wanted to redeem during the period that the Floor at the stock exchanges existed. The Floor was lifted on December 15, 2008. However, the Management Company decided to continue the suspension of units due to low trading volumes and little price discovery. The suspension was lifted with effect from January 5, 2009.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34; Interim Financial Reporting.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2008.

4 INVESTMENTS

At fair value through profit or loss

	Note	(Unaudited) December 31, 2008	(Audited) June 30, 2008
Equity securities - listed	4.1	869,182	1,854,467
Units of open end mutual funds	4.2	1,504	25,377
		<u>870,686</u>	<u>1,879,844</u>

NAFA STOCK FUND

4.1 Equity securities - listed

Name of the investee company	Number of shares					Market value as at December 31, 2008	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2008	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2008			
(Rupees in '000)								
Investment Banks/Companies								
Arif Habib Investment Management Limited	-	71,795	-	-	71,795	5,024	0.52%	0.58%
Arif Habib Securities Limited	135,000	768,317	100,000	420,600	582,717	24,509	2.55%	2.81%
Jahangir Siddiqui Company Limited	25,000	26,576	60,701	100	112,177	5,865	0.61%	0.67%
Jahangir Siddiqui Investment Company Limited	187,500	-	-	187,500	-	-	0.00%	0.00%
Modarabas								
First Equity Modarba	1,989,000	100,000	-	-	2,089,000	2,465	0.26%	0.28%
Commercial Banks								
Bank Al-Falah Limited	5,000,992	634,400	-	1,057,000	4,578,392	76,597	7.98%	8.80%
MCB Bank Limited	-	650,000	-	388,000	262,000	32,962	3.43%	3.79%
Meezan Bank Limited	150,100	-	-	150,100	-	-	0.00%	0.00%
National Bank of Pakistan	300,000	1,110,000	-	685,000	725,000	36,482	3.80%	4.19%
United Bank Limited	249,900	360,500	-	475,400	135,000	4,983	0.52%	0.57%
Insurance								
Adamjee Insurance Company Limited	-	255,953	-	5,200	250,753	25,537	2.66%	2.93%
Central Insurance Company Limited	-	17,174	1,137	5,800	12,511	931	0.10%	0.11%
Textile Composite								
Artistic Denim Mills Limited	637,100	-	-	-	637,100	20,387	2.12%	2.34%
Azgard Nine Limited (Non-voting)	673,000	-	-	-	673,000	33,650	3.50%	3.86%
Azgard Nine Limited	-	476,000	-	500	475,500	7,741	0.81%	0.89%
Dawood Lawrencepur Limited	20,000	139,711	-	90	159,621	7,957	0.83%	0.91%
Nishat Mills Limited	-	669,500	-	269,500	400,000	9,040	0.94%	1.04%
Nishat Mills Limited (Right Shares)	-	-	200,000	-	200,000	50	0.01%	0.01%
Sugar & Allied Industries								
J.D.W Sugar Mills Limited	100,000	2,400	-	15,000	87,400	4,264	0.44%	0.49%
Cement								
D.G Khan Cement Company Limited	-	310,000	-	-	310,000	6,594	0.69%	0.76%
Kohat Cement Company Limited	1,845,375	197,737	-	-	2,043,112	33,405	3.48%	3.84%
Lucky Cement Limited	-	1,125,000	-	720,100	404,900	12,661	1.32%	1.45%
Power & Generation & Distribution								
The Hub Power Company Limited	1,423,000	242,000	-	207,000	1,458,000	20,543	2.14%	2.36%
Oil & Gas Marketing Companies								
Attock Petroleum Limited	-	21,300	-	21,300	-	-	0.00%	0.00%
Pakistan State Oil Company Limited	110,000	40,000	-	150,000	-	-	0.00%	0.00%
Shell Pakistan Limited	107,300	2,800	-	110,100	-	-	0.00%	0.00%
Oil & Gas Exploration Companies								
Mari Gas Company Limited	150,000	5,959	-	23,300	132,659	13,127	1.37%	1.51%
Oil & Gas Development Company Limited	1,400,200	969,698	-	1,669,400	700,498	35,018	3.65%	4.02%
Pakistan Oilfields Limited	363,000	571,900	121,980	325,000	731,880	75,010	7.81%	8.62%
Pakistan Petroleum Limited	575,700	521,600	64,230	661,000	500,530	50,363	5.24%	5.78%
Engineering								
Crescent Steel and Allied Products Limited	-	201,997	5,000	200,000	6,997	119	0.01%	0.01%
Automobile Assemblers								
Indus Motor Company Limited	-	150,000	-	150,000	-	-	0.00%	0.00%
Transport								
Pakistan International Container Terminal Limited	-	300,003	-	-	300,003	13,614	1.42%	1.56%
Balance carried forward					18,040,545	558,898	58.20%	

NAFA STOCK FUND

Name of the investee company	Number of shares					Market value as at December 31, 2008	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2008	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2008			
(Rupees in '000)								
Balance brought forward					18,040,545	558,898	58.20%	
Technology & Communications								
Eye Television Network Limited	1,298,000	183,009	-	15,500	1,465,509	50,194	5.23%	5.76%
Pakistan Telecommunication Company Limited	1,390,500	567,000	-	825,000	1,132,500	19,128	1.99%	2.20%
Netsol Technologies Limited	2,464,801	450,000	572,960	50,000	3,437,761	86,872	9.05%	9.98%
Fertilizers								
Dawood Hercules Chemical Limited	75,000	50,700	11,740	8,300	129,140	28,450	2.96%	3.27%
Engro Chemicals Pakistan Limited	393,440	816,500	-	1,175,300	34,640	3,341	0.35%	0.38%
Fauji Fertilizer Bin Qasim Limited	500,000	1,150,000	-	150,000	1,500,000	19,350	2.01%	2.22%
Chemicals								
Descon Oxychem Limited	-	560,112	-	-	560,112	4,425	0.46%	0.51%
Paper & Board								
Packages Limited	-	141,309	-	75,000	66,309	5,384	0.56%	0.62%
Miscellaneous								
Pace (Pakistan) Limited	6,888,000	533,500	-	-	7,421,500	64,122	6.68%	7.36%
Tri Pack Films Limited	226,000	6,817	-	-	232,817	29,018	3.02%	3.33%
					34,020,833	869,182	90.51%	

Carrying value before fair value adjustments as at December 31, 2008

1,948,789

4.2 Units of open end mutual funds

Name of the investee fund	Number of units					Market value as at December 31, 2008	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2008	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2008			
(Rupees in '000)								
Open-end mutual fund								
NAFA Cash Fund	2,338,092	7,239,103	375,925	9,812,909	140,211	1,345	0.14%	0.15%
NAFA Islamic Income Fund	17,366	-	904	-	18,270	159	0.02%	0.02%
						1,504	0.16%	

Carrying value before fair value adjustments as at December 31, 2008

1,593

4.3 During the period, the Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within the normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008. Consequent to the introduction of the above measures by the KSE, the market volume declined significantly. The "Floor Mechanism" was subsequently removed by the KSE on December 15, 2008 in order to rationalise the prices of equity securities. Subsequent to the removal of the "Floor Mechanism" the KSE 100 index declined from 9,187.10 points at December 15, 2008 to 5,865.01 points at December 31, 2008 and the market remained generally inactive during this period due to low trading volumes.

In view of the above circumstances, a clarification was sought from the Securities and Exchange Commission of Pakistan on whether the prices quoted on the stock exchange as at December 31, 2008 could be considered as the fair value of such securities at that date. The Securities and Exchange Commission of Pakistan vide its circular No. Enf/D-III/Misc/1/2008 dated January 29, 2009 has clarified that the market price as quoted on the stock exchange on December 31, 2008 may be used as the fair value of securities as of that date for the purpose of preparation of financial statements for the period ended December 31, 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on December 31, 2008.

NAFA STOCK FUND



	(Unaudited) December 31, 2008	(Audited) June 30, 2008
	(Rupees in '000)	
5 DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable on equity shares	3,903	11,144
Profit on savings and term deposits	943	2,908
	<u>4,846</u>	<u>14,052</u>
6 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	205	218
Payable to Alexandra Fund Management Pte. Ltd.	-	484
Payable to brokers	7,744	5,682
Settlement charges payable	18	128
Others	1,130	235
	<u>9,097</u>	<u>6,747</u>
7 COMMITMENTS		
Commitments	<u>-</u>	<u>-</u>

8 EARNINGS / (LOSS) PER UNIT

Earnings per unit (EPU) for the half year ended December 31, 2008 has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

9 TAXATION

The Fund is exempt from income tax under clause 99 of part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains whether realized or unrealized, is distributed among the unit holders.

10 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, NIB Bank Limited 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.

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

10.1 Transactions during the period

	Half year ended		Quarter ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	-----Rupees in '000-----			
National Fullerton Asset Management Limited - Management Company				
Management fee expense for the period	25,416	23,943	11,066	13,510
National Bank of Pakistan - Sponsor				
Bonus units issued (2007:2,094,133 units)	-	-	-	-
Cash dividend	2,267	-	-	-
NIB Bank Limited - Sponsor				
Bonus units issued (Nil Units 2007: 1,402,321 units)	-	16,950	-	-
Units redeemed (Nil Units 2007: 1,402,322 units)	-	17,194	-	(1)
Income from bank deposits	1,394	2,097	68	1,561
Cash dividend	2,267	-	-	-
Alexandra Fund Management Pte. Limited - Sponsor				
Bonus units issued (328,048 units; 2007: 1,869,762 units)	-	-	-	-
Chief Executive Officer				
Bonus units issued (Nil Units 2007: 195,442 units)	-	2,362	-	-
Units Issued (Nil Units 2007: 4,843,429 units)	-	59,961	-	19,461
Units Redeemed (Nil Units 2007: 6,084,151 units)	-	78,410	-	38,678

NAFA STOCK FUND

	Half year ended		Quarter ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007

-----Rupees in '000-----

Other Executives of the Management Company

Bonus units issued (43,866 units; 2007: 21,131 units)	-	-	-	-
Units issued / transfer in (1,457,815 units; 2007: 395,932 units)	14,254	5,661	5,022	2,804
Units redeemed / transferred out (2,621,595 units; 2007: 535,001 units)	26,455	7,045	14,852	6,403

NAFA Cash Fund

Bonus units received (375,925 units)	-	-	-	-
Units sold (9,812,909 units)	95,223	-	70,000	-
Units bought (7,239,103 units)	75,000	-	-	-

NAFA Islamic Income Fund

Bonus units received (904 units; 2007: Nil units)	-	-	-	-
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10.2 Balances outstanding as at period / year end

(Unaudited) (Audited)
December 31, June 30,
2008 2008
(Rupees in '000)

National Fullerton Asset Management Limited - Management Company

Management fee payable		3,401	6,461
Front-end Load Payable		36	17,906
Others		8	14

National Bank of Pakistan - Sponsor

Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2008: 7,500,000 units)		38,747	85,982
Deposit held by the Fund with the Sponsor		389	1,821

NIB Bank Limited - Sponsor

Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2008: 7,500,000 units)		38,747	85,982
Deposit held by the Fund with the Sponsor		2,909	59,110
Profit receivable on bank deposits		25	769

Alexandra Fund Management Pte. Limited - Sponsor

Investment held by the Sponsor in the Fund (12,444,856 units; June 30, 2008: 12,116,808 units)		64,293	138,911
Profit Payable by the Fund on pre-IPO investment		-	484

Other Executives of the Management Company

Investment held in the Fund (502,583 units; June 30, 2008: 128,552 units)		2,596	3,094
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NAFA Cash Fund

Investment held by the Fund (140,211 units; June 30, 2008: 2,338,092 units)		1,345	25,197
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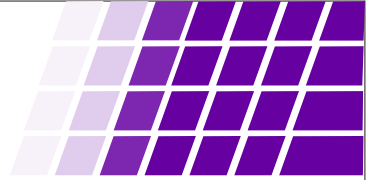
NAFA Islamic Income Fund

Investment held by the Fund (18,270 units; June 30, 2008 : 18270 units)		159	180
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Central Depository Company of Pakistan Limited - Trustee

Trustee fee payable		198	297
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NAFA STOCK FUND



11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 17, 2009 by the Board of Directors of the Management Company.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees.

**For National Fullerton Asset Management Limited
(Management Company)**

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

