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NBP Fullerton
Asset Management Ltd.
A Subsidiary of
National Bank of Pakistan

NAFA ISLAMIC ENERGY FUND

HALF YEARLY
REPORT
December 31, 2017



Your investments & "NAFA" grow together

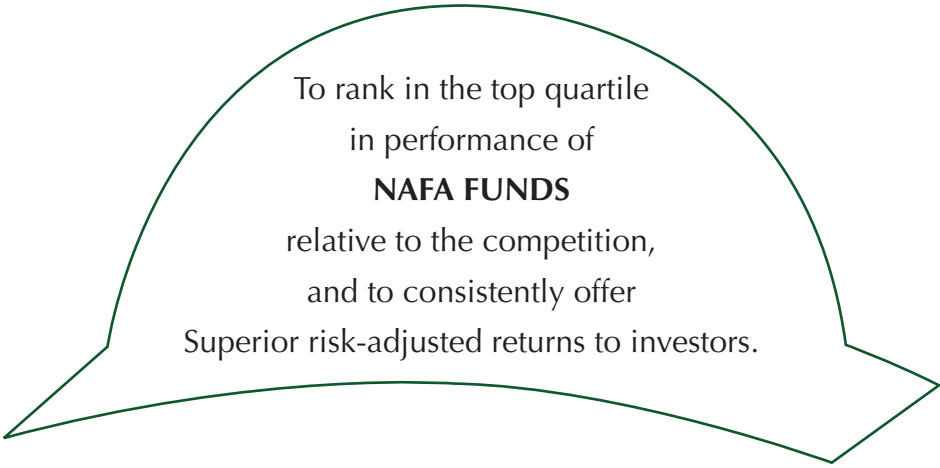


NBP

**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 ISLAMIC ENERGY FUND

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NAFA ISLAMIC ENERGY FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Humayun Bashir	Director
Ms. Anupama Sawhney*	Director

**SECP's approval is in process*

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Ms. Anupama Sawhney*	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

Silk Bank Limited
United Bank Limited
BankIslami Pakistan Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Summit Bank Limited
MCB Bank Limited
JS Bank Limited

NAFA ISLAMIC ENERGY FUND

Auditors

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

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: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

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

NAFA ISLAMIC ENERGY FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Islamic Energy Fund (NIEF)** for the half year ended December 31, 2017.

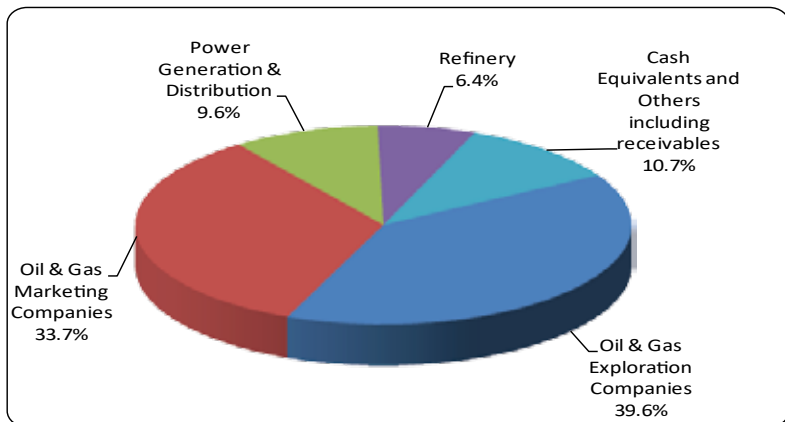
Fund's Performance

The size of NAFA Islamic Energy Fund (NIEF) at the end of the period stood at Rs.2,150 million, 7% lower than at June 30, 2017. During the period the unit price of NIEF has decreased from Rs. 13.0957 on June 30, 2017 to Rs. 12.1285 on December 31, 2017, thus showing a decrease of 7.39%. The Benchmark (KMI-30 Index) decreased by 12.71%. Thus, the Fund has outperformed its Benchmark by 5.32% during the period under review. Since inception (April 21, 2016), the unit price of the Fund has shown a growth of 34.06% as compared to 16.36% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 17.7%. This performance is net of management fee and all other expenses

During 1HFY18, the stock market remained in a corrective mode. The euphoria surrounding the up-gradation of KSE-100 Index from MSCI Frontier Market to MSCI Emerging Market petered out and the ongoing heightened political noise took center stage. In addition to this, deteriorating external account position also weighed on investors' sentiments that resulted in a sizeable decline of 13% in the KSE-100 Index during the period under review. Political uncertainty, rising current account deficit, and tension in the US – Pakistan relationship were key reasons for the stock market decline.

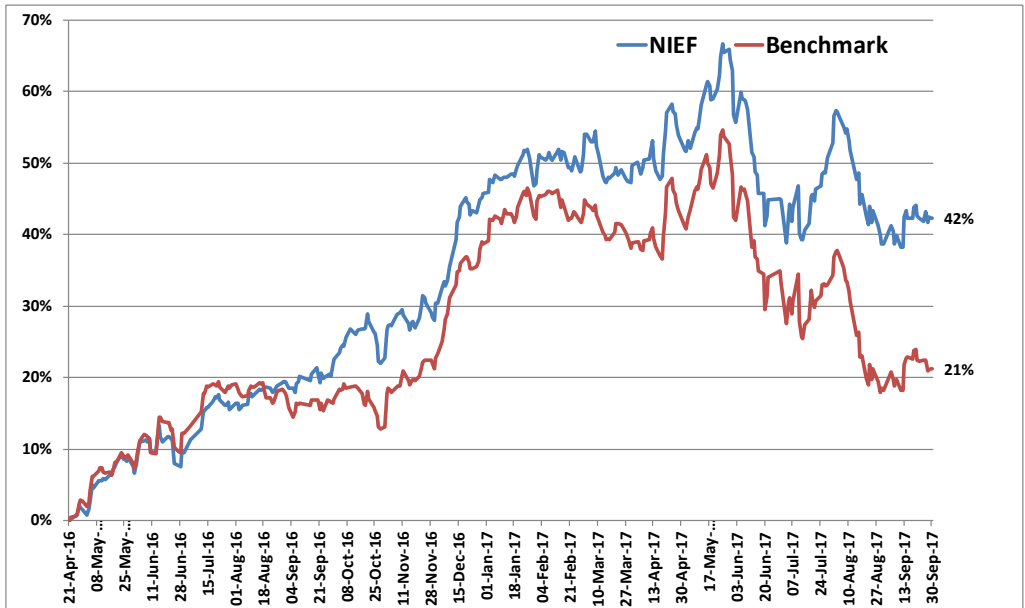
To augment the precarious external account position the government issued international bond of USD2.5bn in addition to the measured PKR devaluation of around 5% against the US Dollar, which allayed the concerns of the market to some extent. Foreign investors remained net sellers during the period with net foreign portfolio outflow of USD155 million while Companies, Insurance, and Banks/DFIs remained net buyers in the market. In terms of sector performance, Oil & Gas Exploration, Fertilizer, Commercial Banks, and Textile sectors fared better compared with the market, while Cement, Refinery, Engineering, and Chemical sectors lagged behind.

The Fund has incurred loss of Rs.154.938 million during the period. After accounting for expenses of Rs.36.066 million, the net loss is Rs.191.004 million. The below chart presents the asset allocation of NIEF.



NAFA ISLAMIC ENERGY FUND

NIEF Performance versus Benchmark (Since Inception)



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 22, 2018
Place: Karachi.

NAFA ISLAMIC ENERGY FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجھٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصیرت 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لیے NAFA اسلامک انرجی فنڈ (NIEF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

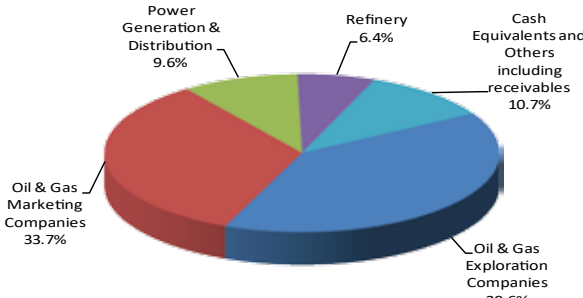
NAFA اسلامک انرجی فنڈ (NIEF) کا فنڈ سائز، اس مدت کے اختتام پر 2,150 ملین روپے ہے جو 30 جون 2017 کے مقابلے میں 7% کم رہی۔ اس مدت کے دوران NIEF کے یونٹ کی قیمت 30 جون 2017 کو 13.0957 روپے سے کم ہو کر 31 دسمبر 2017 کو 12.1285 روپے ہو چکی ہے اور اس طرح 7.39% کی کمی ہوئی۔ بچ مارک (30-KMI انڈیکس) میں 12.71% کی کمی آئی۔ اس طرح فنڈ نے زیر جائزہ عرصے کے دوران بچ مارک سے 5.32% سے بہتر کارکردگی دکھائی۔ اپنے قیام (21 اپریل 2016ء) سے اب تک فنڈ کے یونٹ کی قیمت نے اپنے بچ مارک میں 34.06% اضافے کے مقابلے میں 16.36% نمو دکھائی ہے۔ اس طرح فنڈ کی کارکردگی اپنے بچ مارک کے مقابلے میں 17.7% بہتر رہی، لہذا یہ کارکردگی منجھٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالیاتی سال 18 کی پہلی ششماہی میں مارکیٹ میں مندی کا رجحان برقرار رہا۔ 100 KSE انڈیکس کی MSCI فرنیئر مارکیٹ سے MSCI ایمریکن مارکیٹ میں درجہ بندی کی خبر کا اثر مارکیٹ سے ختم ہو گیا اور اس کی جگہ زبردست سیاسی گرما گرمی نے مرکزی حیثیت اختیار کر لی۔ اس کے علاوہ بیرونی اکاؤنٹس کی بگڑتی ہوئی صورتحال سے سرمایہ کاروں پر ذہنی دباؤ پڑا جس کے نتیجے میں زیر جائزہ مدت میں 100 KSE انڈیکس نمایاں طور پر 13% نیچے آ گیا۔ سیاسی غیر یقینی کیفیت، بڑھتا ہوا کرنٹ اکاؤنٹ کا خسارہ اور امریکہ - پاکستان کے تعلقات میں کھچاؤ اسٹاک مارکیٹ میں انحطاط کی بنیادی وجوہات تھیں۔

بیرونی اکاؤنٹس کی غیر یقینی صورت حال کو تقویت دینے کیلئے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 5% کمی کی گئی اور ساتھ ہی حکومت نے 2.5 بلین امریکی ڈالر کے انٹرنیشنل بانڈ جاری کئے جس سے مارکیٹ میں کافی حد تک خدشات دور کرنے میں مدد ملی۔ اس عرصہ میں بیرونی سرمایہ کار بدستور خالص فروخت کنندہ رہے جس سے 155 ملین ڈالر کا سرمایہ بیرون ملک چلا گیا۔ جب کہ بیمہ کار کمپنیاں اور بینک DFIs خالص خریدار رہے۔ شعبہ جات کی کارکردگی کے لحاظ سے آئل اینڈ گیس ایکسپلوریشن، فرٹیلائزر، کمرشل بینکس اور ٹیکسٹائل بہتر رہے جبکہ سینٹ، ریفا اینری، انجینئرنگ اور کیمیکل کے شعبہ جات کی کارکردگی نسبتاً بہتر رہی۔

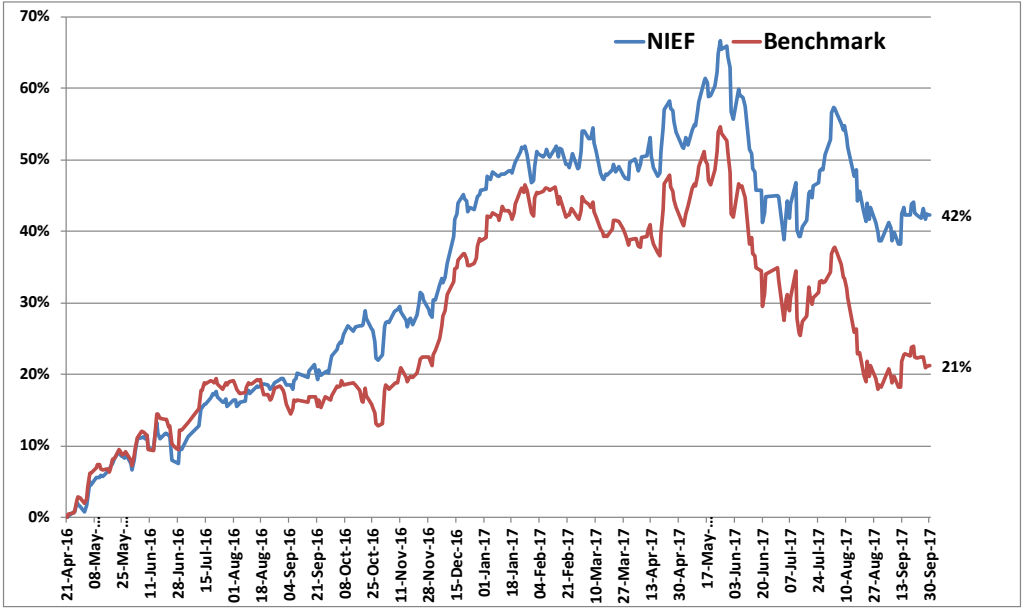
فنڈ کو اس مدت کے دوران 154.938 ملین روپے کا نقصان ہوا۔ 36.006 ملین روپے کے اخراجات منہا کرنے کے بعد کل نقصان 191.004 ملین روپے رہا۔

درج ذیل چارٹ NIEF کی ایسیٹ الیکیشن پیش کرتا ہے:



NAFA ISLAMIC ENERGY FUND

NIEF کی کارکردگی بمقابلہ بنچ مارک (قیام سے اب تک)



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔

بورڈ اپنے اسٹاف اور ڈسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

22 فروری 2018ء

مقام: کراچی

NAFA ISLAMIC ENERGY FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

NAFA ISLAMIC ENERGY 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 Islamic Energy 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, 2017 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 26, 2018

NAFA ISLAMIC ENERGY FUND

INDEPENDENT AUDITORS' 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 Energy Fund** (the Fund) as at December 31, 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement 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, 2017. The Management Company (NBP 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 for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with the 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.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**
Dated: February 22, 2018
Karachi

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
(Rupees in '000)			
ASSETS			
Balances with banks	4	300,669	246,013
Investments	5	1,922,835	2,390,332
Dividend and profit receivable	6	13,459	7,934
Preliminary expenses and floatation costs	7	1,511	1,740
Deposits and other receivable	8	5,616	5,604
Total assets		2,244,090	2,651,623
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	9	21,912	21,753
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	302	1,112
Payable to the Securities and Exchange Commission of Pakistan	11	1,045	2,212
Payable against purchase of investments - net		53,473	-
Payable against redemption of units		-	250,819
Dividend payable		-	16,017
Accrued expenses and other liabilities	12	17,831	44,184
Total liabilities		94,563	336,097
NET ASSETS		2,149,527	2,315,526
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,149,527	2,315,526
CONTINGENCIES AND COMMITMENTS	13		
-----Number of units-----			
NUMBER OF UNITS IN ISSUE		177,229,247	176,815,790
------(Rupees)-----			
NET ASSET VALUE PER UNIT	15	12.1285	13.0957

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Note	Half year ended December 31, 2017	2016	Quarter ended December 31, 2017	2016
----- Rupees in '000 -----					
INCOME					
(Loss) / gain on sale of investments - net		(51,834)	28,079	(27,042)	15,334
Dividend income		59,477	28,347	52,908	14,739
Profit on balances with banks - savings accounts		7,409	8,113	4,378	4,094
Unrealised (diminution) / appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss - net	5.3	(169,990)	480,374	(150,482)	352,434
Total (loss) / income		(154,938)	544,913	(120,238)	386,601
EXPENSES					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	9.1	21,994	17,117	10,737	10,195
Sindh Sales Tax on remuneration of the Management Company	9.2	2,859	2,225	1,396	1,325
Accounting and operational charges	9.4	1,100	856	537	510
Selling and marketing expenses	9.5	4,399	-	2,148	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		1,604	1,360	789	762
Sindh Sales Tax on remuneration of the Trustee	10.1	208	177	102	99
Annual fee of the Securities and Exchange Commission of Pakistan		1,045	813	510	484
Amortisation of preliminary expenses and floatation costs	7	229	229	114	115
Auditors' remuneration		214	176	120	56
Security transaction cost		1,473	1,267	579	742
Printing expenses		40	50	30	32
Legal fee		43	2	43	2
Listing fee		14	28	7	18
Shariah Advisor Fee		222	150	116	74
Settlement and bank charges		622	294	313	147
Total operating expenses		36,066	24,744	17,541	14,561
Net (loss) / income from operating activities		(191,004)	520,169	(137,779)	372,040
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	3.2	-	152,744	-	132,015
Net (loss) / income for the period before taxation		(191,004)	672,913	(137,779)	504,055
Taxation	14	-	-	-	-
Net (loss) / income for the period after taxation		(191,004)	672,913	(137,779)	504,055
(Loss) / earnings per unit	16				
Allocation of net (loss) / income for the period					
Net (loss) / income for the period after taxation		(191,004)	672,913	(137,779)	504,055
Income already paid on units redeemed		-	-	-	-
		(191,004)	672,913	(137,779)	504,055
Accounting income available for distribution:					
-Relating to capital gains		-	-	-	-
-Excluding capital gains		-	-	-	-

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	----- Rupees in '000 -----			
Net (loss) / income for the period after taxation	(191,004)	672,913	(137,779)	504,055
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(191,004)</u>	<u>672,913</u>	<u>(137,779)</u>	<u>504,055</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31, 2017				Half year ended December 31, 2016			
	(Rupees in '000)				(Rupees in '000)			
	Capital Value	Undistribut ed income	Unrealised appreciation / (diminution) 'available for sale'	Total	Capital Value	Undistribut ed income	Unrealised appreciation / (diminution) 'available for sale'	Total
Net assets at beginning of the period (audited)	1,811,540	503,986	-	2,315,526	979,247	53,852	-	1,033,099
Issuance of 81,084,063 units (2016: 136,902,087 units)								
- Capital value (at net asset value per unit at the beginning of the period)	1,061,853	-	-	1,061,853				
- Element of income	(4,725)	-	-	(4,725)				
Total proceeds on issuance of units	1,057,128	-	-	1,057,128	1,444,303	227,519	-	1,671,822
Redemption of 80,670,606 units (2016: 41,664,410 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(1,056,438)	-	-	(1,056,438)				
- Element of income	24,315	-	-	24,315				
Total payments on redemption of units	(1,032,123)	-	-	(1,032,123)	(439,555)	(74,775)	-	(514,330)
Element of (income) / loss and capital (gains) / losses included in the of units issued less those in units redeemed - net	-	-	-	-	-	(152,744)	-	(152,744)
Total comprehensive (loss) / income for the period	-	(191,004)	-	(191,004)	-	672,913	-	672,913
Distribution during the period	-	-	-	-	-	-	-	-
Net (loss) / income for the period less distribution (un-audited)	-	(191,004)	-	(191,004)	-	672,913	-	672,913
Net assets at end of the period	1,836,545	312,982	-	2,149,527	1,983,995	726,765	-	2,710,760
Undistributed income / (loss) brought forward								
- Realised		102,089				(9,347)		
- Unrealised		401,897				63,199		
		503,986				53,852		
Accounting (loss) / income available for distribution								
- Relating to capital gains		-						
- Excluding capital gains		-						
		-						
Net (loss) / income for the period after taxation		(191,004)				672,913		
Distribution during the period		-				-		
Undistributed income carried forward		312,982				726,765		
Undistributed income carried forward								
- Realised income		482,972				246,391		
- Unrealised (loss) / income		(169,990)				480,374		
		312,982				726,765		
			(Rupees)				(Rupees)	
Net assets value per unit at beginning of the period			13.0957				10.5499	
Net assets value per unit at end of the period			12.1285				14.0336	

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31, 2017	Half year ended December 31, 2016
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(191,004)	672,913
Adjustments for:		
Unrealised diminution / (appreciation) on remeasurement of investments classified as financial assets at fair value through profit or loss - net	169,990	(480,374)
Profit on balances with banks - savings accounts	(7,409)	(8,113)
Dividend income	(59,477)	(28,347)
Amortisation of preliminary expenses and floatation costs	229	229
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	-	(152,744)
	(87,671)	3,564
Decrease / (increase) in assets		
Investments - net	297,507	(950,162)
Deposits and other receivable	(12)	(3,031)
Receivable against sale of investments	-	(33,394)
	297,495	(986,587)
(Decrease) / increase in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management company	159	12,413
Payable to the Central Depository Company of Pakistan Limited - Trustee	(810)	129
Payable to the Securities and Exchange Commission of Pakistan	(1,167)	640
Payable against purchase of investments - net	53,473	-
Dividend payable	(16,017)	(80)
Accrued expenses and other liabilities	(26,353)	(1,119)
	9,285	11,983
Profit received	6,747	6,044
Dividend received	54,614	26,789
Net cash generated from / (used in) operating activities	280,470	(938,207)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issue of units	1,057,128	1,874,733
Payments on redemption of units	(1,282,942)	(754,354)
Net cash (used in) / generated from financing activities	(225,814)	1,120,379
Net increase in cash and cash equivalents during the period	54,656	182,172
Cash and cash equivalents at the beginning of the period	246,013	123,181
Cash and cash equivalents at the end of the period	300,669	305,353

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ENERGY FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Energy Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on March 28, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 07, 2016 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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 the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund's pre-IPO investment was received on April 19, 2016. It is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open-End "Shariah Compliant Equity Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The core objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of shariah compliant listed equities belonging to the energy sector.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM1 to the Management Company. The Fund has not been rated.

The title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

The duration of the Fund is perpetual. However, the SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

2 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

This condensed interim financial information is unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of affairs of the Fund as at December 31, 2017.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

- 3.1 The accounting policies adopted and the methods of computation of balances in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017 except for the change in accounting policy as stated in note 3.2.

NAFA ISLAMIC ENERGY FUND

- 3.2 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was set up, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertains to unrealised appreciation / (diminution) held in the Unit Holder's Fund in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) is included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its letter no ____ dated _____. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs 19,590 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

- 3.3 The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2017. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

3.4 Amendments to published approved accounting standards that are effective in the current period

There are certain amendments to the approved accounting standards that are mandatory for accounting periods beginning on or after July 1, 2017 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3.5 Standards and amendments to published approved accounting standards that are not yet effective

During the current period, the SECP has adopted IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable with effect from July 1, 2018. The management is currently assessing the impacts of these standards on the Fund's future financial statements. There are certain other new standards, interpretations and amendments to the approved accounting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2018. However, these are not expected to have any significant impacts on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

NAFA ISLAMIC ENERGY FUND

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
4 BALANCES WITH BANKS		----- Rupees in '000 -----	
Current account	4.1	8,039	17,858
Profit and loss savings accounts	4.2	292,630	228,155
		<u>300,669</u>	<u>246,013</u>

4.1 Deposits in these accounts include balance of Rs. 2.616 million (June 30, 2017: Rs. 2.791 million) maintained with Summit Bank Limited, a related party.

4.2 These saving accounts carry mark-up at rates ranging from 5.60% to 6.80% (June 30, 2017: 2.40% to 6.50%) per annum. Deposits in these accounts include a balance of Rs. 198.387 million (June 30, 2017: Rs. 106.633 million) maintained with BanksIslami Pakistan Limited, a related party, which carries mark up at the rate of 6.00% (June 30, 2017: 5.60%) per annum.

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
5 INVESTMENTS		----- Rupees in '000 -----	
Investments at fair value through profit or loss - held for trading			
- Listed equity securities	5.1	<u>1,922,835</u>	<u>2,390,332</u>

5.1 Listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of K-Electric Limited which have a face value of Rs 3.5 each.

Name of the investee company	Number of shares					Market value	Market value as a percentage of			Holding as a percentage of Paid-up capital of investee company
	As at July 1, 2017	Purchased during the period	Bonus / right shares issued during the period	Sold during the period	As at December 31, 2017		Net assets of the fund	Total market value of investments		
						Rupees in '000'		----- % -----		
REFINERY										
Attock Refinery Limited (Note 5.2)	305,300	97,500	-	284,500	18,300	27,696	129	144		0.14
National Refinery Limited (Note 5.2)	97,000	-	-	54,000	43,000	18,527	0.86	0.96		0.05
						46,223	2.15	2.40		
OIL AND GAS EXPLORATION COMPANIES										
Mari Petroleum Limited (Note 5.2)	212,150	-	-	86,100	126,050	182,883	8.51	9.51		0.11
Oil and Gas Development Company Limited	1244,000	373,000	-	243,000	1374,000	223,673	10.41	11.63		0.03
Pakistan Oilfields Limited (Note 5.2)	429,900	134,700	-	82,500	482,100	286,493	13.33	14.90		0.20
Pakistan Petroleum Limited (Note 5.2)	1529,500	277,000	-	410,500	1396,000	287,450	13.37	14.95		0.07
						980,499	45.62	50.99		
OIL AND GAS MARKETING COMPANIES										
Attock Petroleum Limited	191,900	-	-	18,000	173,900	90,964	4.23	4.73		0.21
Hasco1 Petroleum Limited	164,500	-	32,900	-	197,400	48,766	2.27	2.54		13.63
Hi-Tech Lubricants Limited	423,700	-	-	-	423,700	30,083	1.40	1.56		36.52
Pakistan State Oil Company Limited (Note 5.2 & 5.4)	447,500	117,300	66,720	158,000	473,520	138,793	6.46	7.22		0.17
Shell Pakistan Limited	430,400	-	-	63,300	367,100	112,766	5.25	5.86		0.34
Sui Northern Gas Pipelines Limited	1888,500	853,500	-	1,130,800	1,611,200	152,436	7.09	7.93		0.25
Sui Southern Company	2,248,500	550,000	-	1,618,500	1,800,000	35,978	1.67	1.87		0.24
						609,786	28.37	31.71		

NAFA ISLAMIC ENERGY FUND

Name of the investee company	Number of shares					Market value	Market value as a percentage of		Holding as a percentage of Paid-up capital of investee company
	As at July 1, 2017	Purchased during the period	Bonus / right shares issued during the period	Sold during the period	As at December 31, 2017		Net assets of the fund	Total market value of investments	
						Rupees in '000'			%
POWER GENERATION & DISTRIBUTION									
Kot Addu Power Company Limited (Note 5.2)	1,429,500	-	-	807,000	622,500	33,553	156	174	0.07
K-Electric Limited	2,118,500	8,624,500	-	1,640,000	9,103,000	57,440	2.67	2.99	0.40
Lalpir Power Limited	-	2,019,000	-	-	2,019,000	45,488	2.12	2.37	2.09
Pakgen Power Limited	-	71,000	-	-	71,000	1,571	0.07	0.08	1.87
The Hub Power Company Limited (Note 5.2)	1,244,300	710,100	-	325,000	1,629,400	148,275	6.90	7.72	0.14
						286,327	13.32	14.90	
Total December 31, 2017						1922,835	89.46	100.00	
Carrying value as at December 31, 2017						2,092,825			
Market value June 30, 2017						2,390,332			
Carrying value as at June 30, 2017						1,988,435			

- 5.2 The above investments include shares having a market value (in aggregate) amounting to Rs 101.225 million (June 30, 2017: Rs 99.472 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

	December 31, 2017	June 30, 2017	December 31, 2017	June 30, 2017
	Number of shares		Rupees in '000'	
Attock Refinery Limited	10,000	10,000	2,341	3,826
The Hub Power Company Limited	50,000	50,000	4,550	5,872
Kot Addu Power Company Limited	10,000	10,000	539	720
Mari Petroleum Limited	15,000	15,000	21,763	23,635
National Refinery Limited	10,000	10,000	4,309	7,260
Pakistan Oilfields Limited	20,000	20,000	11,885	9,163
Pakistan Petroleum Limited	200,000	200,000	41,182	29,628
Pakistan State Oil Company Limited	50,000	50,000	14,655	19,368
	365,000	365,000	101,224	99,472

5.3	Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	Note	(Un-audited) December 31, 2017	(Audited) June 30, 2017
			Rs. In '000'	
	Market value of securities	5.1	1,922,835	2,390,332
	Less: Carrying amount of securities		(2,092,825)	(1,988,435)
			(169,990)	401,897

- 5.4 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withheld bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance these shares shall only be released if the Fund deposit tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure.

NAFA ISLAMIC ENERGY FUND

In this regard, a constitution petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 of Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at December 31, 2017, the following bonus shares of the Fund were withheld by certain companies at the time of bonus declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Name of the company	December 31, 2017	
	Bonus Shares	
	Number	Market value
	Rupees in '000	
Pakistan State Oil Company Limited	3,336	978
		978
	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	-----Rs. In '000-----	
6 DIVIDEND AND PROFIT RECEIVABLE		
Profit accrued on profit and loss savings accounts	1,796	1,134
Dividend receivable	11,663	6,800
	13,459	7,934
	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	-----Rs. In '000-----	
7 PRELIMINARY EXPENSES AND FLOATION COSTS		
Opening balance	1,740	2,195
Less: Amortised during the period / year	(229)	(455)
Balance as at period / year end	1,511	1,740
	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	-----Rs. In '000-----	
8 DEPOSITS AND OTHER RECEIVABLE		
Security deposit with :		
- National Clearing Company of Pakistan Limited	2,500	2,500
- Central Depository Company of Pakistan Limited	100	100
Deposits and other receivable	3,016	3,004
	5,616	5,604

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from April 19, 2016 as per the requirements set out in the Trust Deed of the Fund.

NAFA ISLAMIC ENERGY FUND

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rs. In '000-----	
9	PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED MANAGEMENT COMPANY		
	Remuneration of the Management Company	9.1	3,644
	Sindh sales tax on remuneration of the Management Company	9.2	474
	Federal excise duty on remuneration of the Management Company	9.3	583
	Accounting and operational charges	9.4	1,100
	Selling and marketing expenses	9.5	4,399
	Front end load payable		4,593
	Federal Excise Duty on front end load		1,557
	Sindh Sales Tax on front end load		610
	Other payable		4,952
		<u>21,912</u>	<u>21,753</u>

9.1 The Management Company has charged remuneration at the rate of 2 % (June 30, 2017: 2%) per annum based on the average net assets for the period. The fee is payable to the Management Company monthly in arrears.

9.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9.3 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company and sales load has applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 4, 2013.

The SHC while disposing of the Constitutional Petition No. D-3184 of 2014 relating to levy of FED on Mutual Funds had declared the said provisions to be ultra vires and as a result no FED was payable with effect from July 1, 2011, (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed an appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for decision.

Effective July 1, 2016, mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, no provision of FED has been recognised in the financial statements of the Fund since July 1, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.583 million (June 30, 2017: Rs 0.583 million) is being retained in this condensed interim financial information of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2017 would have been higher by Re 0.0033 (June 30, 2017: Re. 0.0033) per unit.

9.4 In accordance with the Regulation 60 of the NBFC Regulations the Management Company has charged expenses at the rate of 0.1% of the average net assets of the Fund being lower than actual expenses chargeable to the Fund for the period.

9.5 SECP vide a circular no.40 SCD/PRDD/ Circular/361/2016 dated December 30, 2016 (later amended vide circular no. 05 of 2017 dated February 13, 2017), allowed the Asset Management Companies to charge selling and marketing expenses to open end equity, asset allocation and index funds, initially for three years (from January 1, 2017 till December 31, 2019). Maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged effective from March 1, 2017 at the rate of 0.4% of net assets of the Fund, being lower than the actual expenses incurred.

NAFA ISLAMIC ENERGY FUND

			(Un-Audited) December 31, 2017	(Audited) June 30, 2017
			-----Rs. In '000-----	
10	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	Note		
	Remuneration payable to the Trustee		267	984
	Sindh Sales Tax on Trustee remuneration	10.1	35	128
			<u>302</u>	<u>1,112</u>
10.1	Sindh Sales Tax of 13% (June 30, 2017 : 13%) has been charged on Trustee fee under section 2(79A) of the Sindh Finance Bill, 2010 during the period.			
			(Un-Audited) December 31, 2017	(Audited) June 30, 2017
			-----Rs. In '000-----	
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note		
	Annual fee	11.1	1,045	2,212
11.1	Under the provisions of the NBFC Regulations, a collective investment scheme categorised as Shariah Compliant Equity Scheme is required to pay an amount equal to 0.095% per annum of the average daily net assets of the Fund.			
			(Un-Audited) December 31, 2017	(Audited) June 30, 2017
			-----Rs. In '000-----	
12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note		
	Auditors' remuneration		335	311
	Provision for Sindh Workers' Welfare Fund	12.1	14,051	14,051
	Legal fee		50	8
	Bank charges		131	28
	Withholding tax payable		391	20,889
	Charity payable	12.2	2,062	1,845
	Capital gain tax		108	5,590
	Brokerage payable		254	582
	Settlement charges		165	279
	Printing charges		59	88
	Shariah advisor fee		225	513
			<u>17,831</u>	<u>44,184</u>
12.1	As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/ mutual funds, the MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).			

NAFA ISLAMIC ENERGY FUND

Had the provision for SWWF not been recorded in this condensed interim financial information of the Fund for the period from May 21, 2015 to June 30, 2017, the net asset value of the Fund as at December 31, 2017 would have been higher by Re. 0.0793 per unit (June 30, 2017: Re 0.0795).

- 12.2** According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the current period, Non Shariah compliant income amounting to Rs 0.217 million (2017: 1.845 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of Shariah Advisor. The dividend income is recorded net of charity portion.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2017 and June 30, 2017.

14 TAXATION

The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders. The management intends to distribute 90 percent of the Funds net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

15 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

16 LOSS / EARNING PER UNIT

Loss / earnings per unit has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

17 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net asset value for the period) is 3.28% p.a including 0.37% representing government levies on Collective Investment Schemes such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 18.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 18.3** 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.
- 18.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

NAFA ISLAMIC ENERGY FUND

	(Un-Audited) Half year ended December 31, 2017	(Un-Audited) Half year ended December 31, 2016
	----- Rupees in '000 -----	
18.5 Details of transactions with connected persons are as follows:		
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	21,994	17,117
Sindh sales tax on remuneration of the Management Company	2,859	2,225
Accounting and operational charges to the Management Company	1,100	856
Sales load paid to the Management Company	3,500	4,140
Selling and marketing expense	4,399	-
Units Redeemed / Transferred Out 5,652,737 units (2016: Nil)	70,660	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,604	1,360
Sindh sales tax on remuneration of Trustee	208	177
Employees of the Management Company		-
Units Issued / transferred in 619,185 units (2016: 2,893,188 units)	8,269	33,365
Units redeemed / transferred out 1,319,712 units (2016: 2,663,216 units)	17,080	33,316
BankIslami Pakistan Limited (Common Directorship)		
Profit income	5,461	-
Taurus Securities Limited (Common Directorship)		
Brokerage expense	85	-
	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees in '000 -----	
18.6 Amounts / balances outstanding as at period end:		
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	3,644	4,653
Sindh sales tax on remuneration	474	605
Federal excise duty on remuneration	583	583
Front-end load payable	4,593	2,789
Sindh sales tax on front end load	610	376
Federal excise duty on front end load	1,557	1,624
Selling and marketing expense	4,399	3,933
Other payable		
- Initial deposit on opening of bank accounts	30	30
- Listing fee	40	40
- Security deposit paid to National Clearing Company of Pakistan Limited	2,500	2,500
- Security deposit paid to Central Depository Company of Pakistan Limited	100	100
- Preliminary expenses	2,282	2,192
Accounting and operational charges charged by the Management Company	1,100	2,328
Units held 5,116,807 units (June 2017: 10,769,544 units)	62,059	141,035
Employees of the Management Company		
Units held 504,780 units (June 2017: 1,205,307)	6,122	15,784
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	267	984
Sindh Sales Tax on the remuneration of trustee	35	128
Security deposit	100	100
Settlement charges	165	279

NAFA ISLAMIC ENERGY FUND

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees in '000 -----	
Summit Bank Limited (Common Directorship)		
Bank Balances	2,616	2,791
BankIslami Pakistan Limited (Common Directorship)		
Bank Balances	198,387	106,633
Profit receivable	1,239	574
Taurus Securities Limited - Subsidiary of Parent Company		
Brokerage payable	25	20
Prosperity Weaving Mills		
Units held 1,040,543 units (June 2017: 1,040,543)	12,620	13,627
Key Management Personnel		
Units held 1,042,891 units (June 2017: 1,042,891)	12,649	13,910

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying values as the items are either short term in nature or periodically repriced.

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- The fair values of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities. (Level 1)
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). (Level 2)
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs). (Level 3)

As at December 31, 2017, the Fund held the following financial instruments measured at fair value:

NAFA ISLAMIC ENERGY FUND

----- Unaudited -----				
----- As at December 31, 2017 -----				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
ASSETS				
Investment - financial assets 'at fair value through profit or loss'				
- Listed equity securities	1,922,835	-	-	1,922,835
----- Audited -----				
----- As at June 30, 2017 -----				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
ASSETS				
Investment - financial assets 'at fair value through profit or loss'				
- Listed equity securities	2,390,332	-	-	2,390,332

20 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 22, 2018.

21 GENERAL

21.1 Figures have been rounded off to the nearest thousand rupees.

21.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. There have been no significant reclassification during the period except for the impact of change in accounting policies as more fully disclosed in note 3.2 to the condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

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