

**AM1**  
Rated by PACRA



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

## NAFA RIBA FREE SAVINGS 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 RIBA FREE SAVINGS FUND

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# NAFA RIBA FREE SAVINGS 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 Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Al-Baraka Islamic Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Meezan Bank Limited  
United Bank Limited  
Summit Bank Limited  
BankIslami Pakistan Limited  
MCB Bank Limited  
Silk Bank Limited  
Dubai Islamic Bank Pakistan Limited  
National Bank of Pakistan  
Allied Bank Limited  
Sindh Bank Limited  
Bank Al Habib Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited

# NAFA RIBA FREE SAVINGS FUND

## Auditors

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court,  
A-35, Block 7 & 8,  
KCHSU, Sharae Faisal  
Karachi-75350 Pakistan

## Legal Advisor

M/s Jooma Law Associates  
205, E.I. Lines, Dr. Daudpota Road,  
Karachi.

## Head Office:

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111NFA (111-111-632),  
(Toll Free): 0800-20001,  
Fax: (021) 35825329  
Website: [www.nafafunds.com](http://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:

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632 (nfa)  
Fax: 091-5703202

## Multan Office:

NBP City Branch, Hussain-a-Gahi, Multan.  
Phone No: 061-4502204  
Fax No: 061-4502203

# NAFA RIBA FREE SAVINGS FUND

## DIRECTORS' REPORT

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

### Fund's Performance

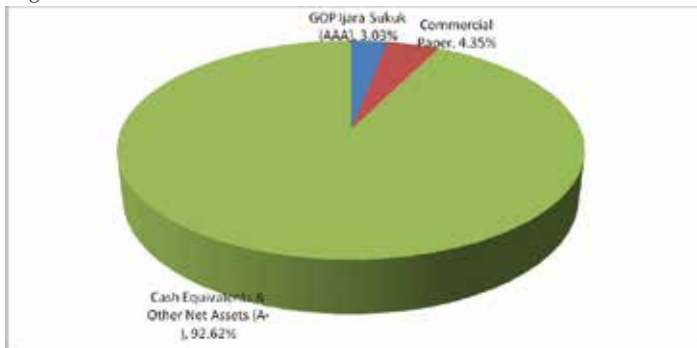
The size of NAFA Riba Free Savings Fund has increased from Rs. 2,127 million to Rs. 3,327 million during the period, a notable growth of 56%. During the period, the unit price of the Fund has increased from Rs. 10.1882 on June 30, 2017 to Rs. 10.4412 on December 31, 2017, thus showing a return of 4.9% as compared to the benchmark return of 2.5% for the same period. The performance of the Fund is net of management fee and all other expenses.

NRFSF is an Islamic Income Scheme with no direct or indirect exposure to the stock market and corporate sukus. The stability rating of the Fund by PACRA is 'A (f)', which denotes a strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile. The maturity of any single instrument except GOP Ijarah Sukuks cannot exceed six months.

State Bank of Pakistan (SBP) pursued accommodative monetary policy stance and left the policy rate unchanged at 5.75% during the period under review. SBP cited the following reasons to support its policy: a) strong economic activity corroborated by pick up in industrial output; b) gains in production of major crops; c) growth in private sector credit off-take; d) improvement in export growth; e) notable increase in foreign direct investments; and f) CPEC related investment activity gathering pace. SBP also highlighted gathering risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances and mounting external debt levels (that may imperil the near to medium-term sustainability of the BoP position). Owing to stable policy rate and significant liquidity injections by the SBP, sovereign yields remained flat during the period with investors' preference tilted towards short tenors considering upside risks to inflation and interest rates.

With a pickup in private sector investment activity, we have seen increased issuance of shariah compliant corporate debt securities, during the period. Trading activity in corporate Sukuks increased with a cumulative trade value of around Rs. 2.2 billion as compared to Rs. 1.5 billion during the same period last year.

The Fund has earned total income of Rs. 88.47 million during the period. After deducting expenses of Rs.16.51 million, the net income is Rs.71.94 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NRFSF.



# NAFA RIBA FREE SAVINGS FUND

## Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 22, 2018  
Place: Karachi.

# NAFA RIBA FREE SAVINGS FUND

## ڈائریکٹرز رپورٹ

NBP فلٹرٹن ایسٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لیے NAFA ربا فری سیونگز فنڈ (NRFSF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

NAFA ربا فری سیونگز کا فنڈ ساز اس مدت کے دوران 2,127 ملین روپے سے بڑھ کر 3,327 ملین روپے ہو گیا، یعنی 56% کا اضافہ ہے۔ اس مدت کے دوران فنڈ کے پونٹ کی قیمت 30 جون 2017 کو 10.1882 روپے سے بڑھ کر 31 دسمبر 2017 کو 10.4412 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے اپنے شیئنگ مارک منافع 2.5% کے مقابلے میں 4.9% منافع درج کرایا۔ فنڈ کا منافع منیجمنٹ فیس اور دیگر اخراجات کے بعد خالص ہے۔

NRFSF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ سے کوئی براہ راست یا بالواسطہ تعلق نہیں ہے۔ فنڈ PACRA کی طرف سے (f) A Stability ریٹنگ دی گئی ہے، جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد اسلامک بینکس / کمرشل بینکس کی اسلامک ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے میں توازن سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کرڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا ہے۔ کسی بھی واحد انسٹرومنٹ کی پیچورٹی، ماسوائے حکومت پاکستان کے اجارہ سکوک، 6 ماہ سے تجاوز نہیں کر سکتی۔

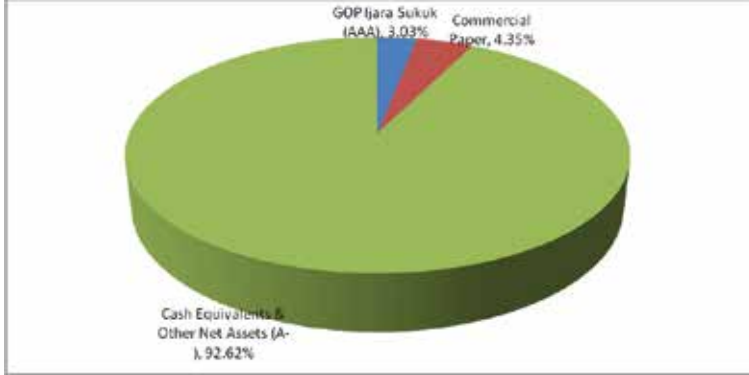
اسٹیٹ بینک آف پاکستان (SBP) نے مفابہتی مانیٹری پالیسی جاری رکھی اور زیر جائزہ مدت کے دوران پالیسی کی شرح کو 5.75% برقرار رکھا۔ SBP نے اپنی پالیسی کی حمایت میں درج ذیل وجوہات بیان کیں: (ا) مضبوط معاشی سرگرمی، جس کی تصدیق صنعتی پیداوار میں اضافہ سے ہوتی ہے (ب) بڑی فصلوں کی بھرپور پیداوار (ج) نجی شعبہ کے قرضے جات میں اضافہ (د) برآمدات کے اضافے میں بہتری (ر) غیر ملکی براہ راست سرمایہ کاری میں نمایاں اضافہ اور (س) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں کا مسلسل فروغ۔ SBP نے بیرونی اکاؤنٹس کے بارے میں ان خدشات کی بھی نشاندہی کی جو کموڈیٹی / آئل کی قیمتوں میں عالمی سطح پر اضافہ اور اس کے ساتھ ساتھ زرمبادلہ کی ترسیلات میں کمی اور بیرونی قرضہ جات کے بڑھتے ہوئے حجم کے باعث پیدا ہو رہے ہیں (جس سے توازن ادائیگی کی مستقبل قریب سے وسط مدت کیلئے صورتحال غیر مستحکم ہو سکتی ہے)۔ چنانچہ مستحکم شرح پالیسی اور SBP کی جانب سے نمایاں طور پر لیکویڈیٹی داخل کرنے سے اس مدت میں بالائی نتائج میں کوئی کمی بیشی نہیں ہوئی اور سرمایہ کاروں نے افراط زر اور شرح سود میں بڑھتے ہوئے خدشات کے پیش نظر قلیل المدت سرمایہ کاری کو ترجیح دی۔

نجی شعبہ میں سرمایہ کاری کی سرگرمیوں کے فروغ سے اس مدت میں شریعہ پر مبنی کارپوریٹ قرضہ کی سیکورٹیز کے اجراء میں اضافہ دیکھنے میں آیا۔ کارپوریٹ Sukuks کی تجارتی سرگرمیوں میں اضافے کے سبب تقریباً 2.2 ملین روپے کی مجموعی تجارتی قدر میں اضافہ ہوا جب کہ گزشتہ سال اسی مدت میں 1.5 ملین روپے کا اضافہ ہوا تھا۔



# NAFA RIBA FREE SAVINGS FUND

اس مدت کے دوران فنڈ نے 88.47 ملین روپے کی مجموعی آمدنی کمائی۔ اخراجات کی مد میں 16.51 ملین روپے منہا کرنے کے بعد خالص آمدنی 71.94 ملین روپے ہے۔ درج ذیل چارٹ NRFSF کی ایسیٹ الیوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



## اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابلِ قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز  
NBP فلٹرین ایسیٹ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

22 فروری 2018

مقام: کراچی

# NAFA RIBA FREE SAVINGS FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS

### NAFA RIBA FREE SAVINGS 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 Riba Free Savings 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 RIBA FREE SAVINGS 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 Riba Free Savings 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, condensed interim cash flow statement and notes to the accounts for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **NBP Fullerton Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the 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 in the condensed interim financial information for the quarter ended December 31, 2017 have not been reviewed by us, 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 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, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

**Deloitte Yousuf Adil**  
Chartered Accountants

**Engagement Partner**  
Hena Sadiq

**Date: February 22, 2018**  
**Place: Karachi**

# NAFA RIBA FREE SAVINGS 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)			
<b>ASSETS</b>			
Bank balances	4	3,084,067	2,048,337
Investments	5	245,419	101,990
Mark-up accrued	6	18,653	10,356
Deposit, prepayments and other receivables	7	214	1,171
<b>Total assets</b>		<b>3,348,353</b>	<b>2,161,854</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	4,180	2,975
Payable to Central Depository Company of Pakistan Limited - Trustee	9	374	242
Payable to the Securities and Exchange Commission of Pakistan	10	1,102	1,075
Accrued expenses and other liabilities	11	16,102	30,413
<b>Total liabilities</b>		<b>21,758</b>	<b>34,705</b>
<b>NET ASSETS</b>		<b>3,326,595</b>	<b>2,127,149</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>			
		<b>3,326,595</b>	<b>2,127,149</b>
Contingencies and commitments	12	-----Number of units-----	
Number of units in issue		<u>318,602,590</u>	<u>208,784,704</u>
		------(Rupees)-----	
Net asset value per unit		<u>10.4412</u>	<u>10.1882</u>

The annexed notes 1 to 19 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 RIBA FREE SAVINGS FUND

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

		Half year ended		Quarter ended	
		December 31, December 31,		December 31, December 31,	
		2017	2016	2017	2016
INCOME		Rupees in '000			
Return / mark-up on;					
- bank balances		86,880	30,287	51,537	14,421
- government securities		2,778	2,750	1,389	1,375
Income on commercial paper		89	-	89	-
Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss - held for trading	5.2	(1,280)	1,660	(30)	1,370
Total income		88,467	34,697	52,985	17,166
EXPENSES					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	8,355	3,194	4,980	1,596
Sindh Sales Tax on remuneration of the Management Company	8.2	1,086	415	647	207
Reimbursement of operational expenses to the Management Company	8.3	1,469	521	859	255
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,677	863	944	422
Sindh Sales Tax on remuneration of the Trustee	9.2	218	113	123	56
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	1,102	391	644	191
Settlement and bank charges		306	167	-	-
Auditors' remuneration		348	298	184	53
Fund rating fee		177	163	87	81
Legal and professional charges		35	-	21	-
Annual listing fee		14	28	8	14
Printing charges		44	-	44	-
Shariah advisor fee		223	191	119	100
Total expenses		15,054	6,344	8,660	2,975
Net income from operating activities		73,413	28,353	44,325	14,191
Net element of income and capital gains included in prices of units issued less those in units redeemed		-	9,269	-	9,803
Net income for the period		73,413	37,622	44,325	23,994
Provision for Sindh Workers' Welfare Fund		(1,469)	-	(884)	-
Net income for the period before taxation		71,944	37,622	43,441	23,994
Taxation	13	-	-	-	-
Net income for the period after taxation		71,944	37,622	43,441	23,994
Earnings per unit	14				
Allocation of net income for the period:					
Net income for the period after taxation		71,944		43,441	
Income already paid on units redeemed		(17,211)		(14,195)	
		54,733		29,246	
Accounting Income available for Distribution					
- Relating to capital gain		-		-	
- Excluding capital gain		54,733		29,246	

The annexed notes 1 to 19 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 RIBA FREE SAVINGS FUND

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

	Half year ended		Quarter ended	
	December 31, 201	December 31, 2016	December 31, 2017	December 31, 2018
	Rupees in '000			
Net income for the period after taxation	71,944	37,622	43,441	23,994
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>71,944</u>	<u>37,622</u>	<u>43,441</u>	<u>23,994</u>

The annexed notes 1 to 19 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 RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31,					
	2017			2016		
	----- (Rupees in '000) -----					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the period	2,108,566	18,583	2,127,149	1,145,537	14,689	1,160,226
Issue of 304,205,175 units (2016: 127,699,124 units)						
- Capital value	3,099,302	-	3,099,302			
- Element of income	35,362	-	35,362			
Total proceeds on issuance of units	3,134,664	-	3,134,664	1,298,611	29,127	1,327,738
Redemption of 194,387,289 units (2016: 109,236,852 units)						
- Capital value	(1,980,457)	-	(1,980,457)			
- Element of loss	(9,494)	(17,211)	(26,705)			
Total payments on redemption of units	(1,989,951)	(17,211)	(2,007,162)	(1,110,862)	(19,858)	(1,130,720)
Net element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	(9,269)	(9,269)
Total comprehensive income for the period	-	71,944	71,944	-	37,622	37,622
<b>Net assets at end of the period</b>	<b>3,253,279</b>	<b>73,316</b>	<b>3,326,595</b>	<b>1,333,285</b>	<b>52,311</b>	<b>1,385,597</b>
Undistributed income brought forward						
- Realised		17,383			13,899	
- Unrealised		1,200			790	
		18,583			14,689	
Accounting income available for distribution						
- Relating to capital gain		-				
- Excluding capital gain		54,733				
		54,733			37,622	
<b>Undistributed income carried forward</b>		<b>73,316</b>			<b>52,311</b>	
Undistributed income carried forward						
- Realised		74,596			50,651	
- Unrealised		(1,280)			1,660	
		73,316			52,311	
			- (Rupees) -			- (Rupees) -
Net assets value per unit at beginning of the period		10.1882				10.1693
Net assets value per unit at end of the period		10.4412				10.4532

The annexed notes from 1 to 19 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 RIBA FREE SAVINGS FUND

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

	Half year ended	
	December 31, 2017	December 31, 2016
	-----Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	71,944	37,622
<b>Adjustments:</b>		
Profit on;		
- bank balances	(86,880)	(30,287)
- government securities	(2,778)	(2,750)
Net unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss - held for trading	1,280	(1,660)
Net element of income and capital gains included in prices of units issued less those in units redeemed	-	(9,269)
	(16,434)	(6,344)
<b>(Increase) / decrease in assets</b>		
Investments - net	(144,709)	-
Deposit, prepayments and other receivables	163	134
	(144,546)	134
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	1,205	(378)
Payable to the Trustee	132	(16)
Payable to the Securities and Exchange Commission of Pakistan	27	(612)
Accrued expenses and other liabilities	(3,306)	(5,724)
	(1,942)	(6,730)
Profit received on bank balances	78,598	31,028
Profit received on government securities	2,763	2,735
<b>Net cash (used in) / generated from operating activities</b>	<b>(81,561)</b>	<b>20,823</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash generated from investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received from issuance of units	3,135,457	1,327,893
Amounts paid on redemption of units	(2,018,167)	(1,176,280)
Distributions paid	-	-
<b>Net cash generated from financing activities</b>	<b>1,117,290</b>	<b>151,613</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>1,035,730</b>	<b>172,436</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,048,337</b>	<b>1,130,634</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>3,084,067</u></b>	<b><u>1,303,070</u></b>

The annexed notes 1 to 19 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 RIBA FREE SAVINGS FUND

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

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NAFA Riba Free Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 18, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).
- 1.2 On January 11, 2013, MCB Financial Services Limited (MCB-FSL) was appointed as the new Trustee of the Fund, after CDC retired on the prior day. The appointment of the new Trustee was made as per clause 21 of the Trust Deed and Regulation 42(3) of the the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The supplemental Trust Deed of the Fund was signed on November 16, 2012. Thereafter, on September 4, 2013, CDC was re-appointed as the new Trustee of the Fund, after MCB-FSL retired on the prior day and the supplemental Trust Deed was signed on July 29, 2013.
- 1.3 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 No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (MUFAP).
- 1.4 The Fund is an open-ended mutual fund and classified as an Islamic "income scheme" by the Management Company 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.
- 1.5 The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in Shariah compliant banks and money market / debt securities.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned stability rating of 'A(f)' to the Fund.
- 1.7 Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, 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). In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984, 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) shall prevail.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. An exemption was granted to companies whose financial year ended on or before June 30, 2017 via Circular No. 23 of October 04, 2017. No further exemption has been provided and the Company is currently in process of determining impact, if any, on annual financial statements due to implementation of the Act. There is no impact on this condensed interim financial information as they have been prepared primarily under IAS 34 as stated above.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of 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, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2017.

In compliance with Schedule V of the NBFC regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

# NAFA RIBA FREE SAVINGS FUND

## 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments which are stated at fair value.

## 2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund.

## 2.4 Estimates and judgments

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting 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.

The significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2017.

## 2.5 Financial risk management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2017.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.1.

- 3.1 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 amended 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 amended regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, 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 pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was 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 was recognized 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 allowed by SECP vide their email to MUFAP dated February 8, 2018. 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.

# NAFA RIBA FREE SAVINGS FUND

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been higher by Rs. 8.484 million net off charge for SWWF in respect of element of income / (loss) and consequently NAV per unit would have been lower by Rs. 0.0005. 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.

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
----- Rupees in '000 -----			
<b>4 BALANCE WITH BANKS</b>			
Current accounts		19,043	29,165
Saving accounts	4.1	3,065,024	2,019,172
		<u>3,084,067</u>	<u>2,048,337</u>

4.1 These savings accounts carry mark-up at rates ranging from 3.75% to 6.80% per annum (June 30, 2017: 3.75% to 6.50% per annum).

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
----- Rupees in '000 -----			
<b>5 INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss - held for trading</b>			
Government securities - GoP ijarah sukuk	5.1	100,710	101,990
<b>Loans and Receivables</b>			
Commercial Paper	5.3	144,709	-
		<u>245,419</u>	<u>101,990</u>

## 5.1 Government securities - GoP ijarah sukuk

All certificates have a face value of Rs.100,000 each

Description	Issue	Number of certificates				Market value as at December 31, 2017	Investment as a percentage of		
		As at July 01, 2017	Purchased during the period	Sold / matured during the period	As at December 31, 2017		Net assets	Market value of total investments	Issue size

All certificates have a face value of Rs.100,000 each

GoP ijarah sukuk XVI	18-Dec-2015 to 18-Dec-2018	1,000	-	-	1,000	100,710	3.03%	100%	0.09%
						<u>100,710</u>			
Carrying value before mark to market as at December 31, 2017						<u>101,990</u>			

5.1.1 GoP ijarah sukuk held by the Fund have an expected profit rate of 5.51% (June 30, 2017: 5.51%) per annum.

# NAFA RIBA FREE SAVINGS FUND

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
<b>5.2 Net unrealised loss on re-measurement of investments at fair value through profit or loss - held for trading</b>			
Market value of investments	5.1	<b>100,710</b>	101,990
Less: carrying value of investments before mark to market	5.1	<b>(101,990)</b>	(100,790)
		<b>(1,280)</b>	1,200
<b>5.3</b> This represents the purchase of commercial paper from HASCOL Petroleum Limited on December 29, 2017 (having face value of Rs. 150 million). This carry profit at the rate of 7.46% and will mature on June 29, 2018.			
		(Un-audited) December 31, 2017	(Audited) June 30, 2017
		-----Rupees in '000-----	
<b>6 MARK-UP ACCRUED</b>			
Profit receivable on bank balances		<b>18,442</b>	10,160
Profit receivable on government securities		<b>211</b>	196
		<b>18,653</b>	10,356
<b>7 DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Receivable against transfer of units		-	794
Security deposit with Central Depository Company of Pakistan Limited		<b>200</b>	200
Prepayments		<b>14</b>	177
		<b>214</b>	1,171
		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
<b>8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Remuneration of the Management Company	8.1	<b>1,804</b>	1,055
Sindh Sales Tax on remuneration of the Management Company	8.2	<b>235</b>	138
Operational expenses	8.3	<b>1,469</b>	1,433
Sales load		<b>299</b>	13
Sindh Sales Tax and Federal Excise Duty on sales load		<b>373</b>	336
		<b>4,180</b>	2,975
<b>8.1</b> Under the provisions of the Non-Banking Finance Companies and Notifies Entities Regulations, 2008 (the NBFC Regulation), the Management Company was entitled to a remuneration during the first five years of a Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets provided that Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.			
On November 25, 2015 SECP has made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provisions of amended NBFC Regulations 2008, the applicable rate has been changed from 2% to 1.5%.			

# NAFA RIBA FREE SAVINGS FUND

The applicability of Management Remuneration is same as that disclosed in note 8.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

Management remuneration is paid on a monthly basis in arrears.

8.2 This represents amount payable in respect of 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.

8.3 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
		----- Rupees in '000 -----	
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Remuneration of the Trustee	9.1	332	215
Sindh Sales Tax on remuneration of the Trustee	9.2	42	27
		<u>374</u>	<u>242</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

The applicability of Tariff Structure to the Fund is same as that disclosed in note 9.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

9.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

## 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as an open-end "income scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% of the average annual net assets of the Fund. The fee is paid annually in arrears.

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
		----- Rupees in '000 -----	
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		368	434
Provision for Sindh Workers' Welfare Fund	11.4	3,079	1,610
Federal Excise Duty on remuneration of the Management Company	11.1 & 11.2	10,657	10,657
Bank charges		10	12
Settlement charges		30	12
Withholding tax		181	4,071
Capital gain tax		1,365	1,986
Legal and professional charges		50	15
Payable against redemption of units	11.3	76	11,081
Printing Charges		60	75
Dividend payable		-	37
Others		226	423
		<u>16,102</u>	<u>30,413</u>

# NAFA RIBA FREE SAVINGS FUND

- 11.1 The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 11.1 and 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal, filed by tax authorities against the order in the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

"In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 10.657 million.

Had the provision not being made, the net asset value per unit as at December 31, 2017 would have been higher by Rs.0.033 per unit (June 30, 2017: Rs. 0.0510 per unit)."

- 11.2 The amount of FED accrued on remuneration of the Management Company will be paid via Management Company to the Taxation authority, if required.
- 11.3 This includes amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts were payable in respect of units redeemed by various unit holders based on their request to transfer units from the Fund to the other collective investment schemes.
- 11.4 The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 16 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 3.079 million for the half year ended December 31, 2017 in this condensed interim financial information.

Had the impact of the aforesaid matters been recognized as of December 31, 2017, the NAV per unit of the Fund would have been higher by Rs. 0.0097 per unit (June 30, 2017: Rs. 0.0077 per unit).

## 12 CONTINGENCIES AND COMMITMENTS

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

## 13 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of 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 amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2018 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current period.

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

## 14 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of management, the determination of the cumulative weighted average number of outstanding units for calculating EPU is not practicable.

## 15 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.12% per annum including 0.26% representing government levies on collective investment scheme such as sales tax, Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the period.

## 16 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 16.1 Connected persons and related parties include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Alexandra Fund Management Pte. Limited being the sponsor. It also includes associated companies of Management Company due to common directorship, post employment benefit funds of the Management Company and its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

# NAFA RIBA FREE SAVINGS FUND

- 16.2 The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.
- 16.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 16.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

**16.5 Details of transactions with connected persons and related parties are as follows:**

(Un-audited)	
Half year ended	
December 31, 2017	December 31, 2016
Rupees in '000	

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

Remuneration of the Management Company	8,355	3,194
Sindh Sales Tax on remuneration of the Management Company	1,086	415
Reimbursement of operational expenses to the Management Company	1,469	521
Sales load and Sindh Sales Tax on sales load	383	76

**Central Depository Company of Pakistan Limited (Trustee)**

Remuneration of the Trustee	1,677	863
Sindh Sales Tax on remuneration of the Trustee	218	113
CDS charges	3	3

**Employees of the Management Company**

Units issued / transferred in 1,790,397 units (2016: 979,638 units)	18,471	10,175
Units redeemed / transferred out 1,163,283 units (2016: 152,402 units)	12,006	1,575

**\*Capt. Haleem A. Siddiqui (Unit holder of 10% or more of units of the CIS)**

Units issued / transferred in - Nil (2016: 768,068 units)	-	8,014
Units redeemed / transferred out - Nil (2016: 5,216,612 units)	-	54,014

**NAFA Employee Provident Fund (Provident Fund of the Management Company)**

Units issued / transferred in 1,458,301 units (2016: 215,276 units)	14,947	2,250
Units redeemed / transferred out 486,308 units (2016: Nil)	5,004	-

**Pakistan Telecommunication Company Limited Employees General Provident Fund (Unit holder of 10% or more of units of the CIS)**

Units issued / transferred in 18,896,556 units (2016: Nil)	194,390	-
Units redeemed / transferred out 12,605,812 units (2016: Nil)	129,826	-

**Prosperity Weaving Mills - Related Party**

Units issued / transferred in 876 units (2016: Nil)	9	-
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**Byco Petroleum Pakistan Limited - Employee Provident Fund - CPS - Related Party**

Units issued / transferred in 4,411,722 units (2016: Nil)	45,600	-
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**Mr. Khalid Mehmood - CFO**

Units issued / transferred in 173,886 units (2016: Nil)	1,800	-
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\*Current period transactions with this person have not been disclosed as he did not remain connected person during the current period.

(Un-audited)	(Audited)
December 31, 2017	June 30, 2017
Rupees in '000	

**16.6 Amounts outstanding as at period / year end are as follows :**

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

Remuneration of the Management Company	1,804	1,055
Sindh Sales Tax on remuneration of the Management Company	235	138
Federal Excise Duty on remuneration of the Management Company	1,469	1,433
Operational expenses	299	13
Sales load	373	336

# NAFA RIBA FREE SAVINGS FUND

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	332	215
Sindh Sales Tax on remuneration of the Trustee	42	27
CDS charges	30	12
Security deposit	200	200
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balance	5,920	4,190
<b>Summit Bank Limited (Common Directorship with the Management Company)</b>		
Bank balance	3,292	2,787
<b>Bank Islami Pakistan Limited (Common Directorship with the Management Company)</b>		
Bank balance	12,050	39,033
Mark-up accrued	606	62
<b>Employees of the Management Company</b>		
Investment held in the Fund 974,853 units (2016: 347,738 units)	10,179	3,543
<b>Prosperity Weaving Mills - Related Party</b>		
Investment held in the Fund 876 units (2016: Nil)	9	-
<b>NAFA Employee Provident Fund (Provident Fund of the Management Company)</b>		
Investment held in the Fund 1,199,391 units (2016: 227,398 units)	12,523	2,317
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund - CPS - Related Party</b>		
Investment held in the Fund 4,411,722 units (2016: Nil)	46,064	-
<b>Pakistan Telecommunication Company Limited Employees General Provident Fund (Unit holder of 10% or more of units of the CIS)</b>		
Investment held in the Fund 42,978,945 units (2016: 36,688,200 units)	448,752	373,787
<b>Mr. Khalid Mehmood - CFO</b>		
Investment held in the Fund 173,886 units (2016: Nil)	1,816	-
<b>Net amount receivable / (payable) against transfer of units from / to:</b>		
NAFA Islamic Asset Allocation Fund	-	75
NAFA Islamic Stock Fund	-	(10,800)
NAFA Islamic Energy Fund	-	50
NAFA Stock Fund	-	669



# NAFA RIBA FREE SAVINGS FUND

## 17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)"
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Fund's financial assets which are carried at fair value:

	(Un-audited)			
	As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
<b>ASSETS</b>				
<b>At fair value through profit or loss</b>				
<b>- held for trading</b>				
Government securities - GoP ijarah sukuku	-	100,710	-	100,710

	(Audited)			
	As at June 30, 2017			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
<b>ASSETS</b>				
<b>At fair value through profit or loss</b>				
<b>- held for trading</b>				
Government securities - GoP ijarah sukuku	-	101,990	-	101,990

There were no transfers between Level 1 and 2 during the period.

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.

The Fund has not disclosed the fair values for other financial assets and financial liabilities, as these are either short term in nature or repriced frequently. Therefore, their carrying amounts are reasonable approximation of fair value.

## 18 DATE OF AUTHORISATION FOR ISSUE

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

## 19 GENERAL

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

19.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

**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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