



NBP FUNDS

Managing Your Savings

Islamic Savings

Aitemaad اعتماد

اسلامک سیونگز

AM1
Rated by PACRA

NAFA RIBA FREE SAVINGS FUND

**QUARTERLY
REPORT**
March 31, 2018



MISSION STATEMENT

To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA RIBA FREE SAVINGS FUND

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	14

NAFA RIBA FREE SAVINGS FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Formerly: NBP Fullerton Asset Management Limited (NAFA)

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

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
Mr. Humayun Bashir	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

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

NAFA RIBA FREE SAVINGS FUND

Bankers to the Fund

Allied Bank Limited
Sindh Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank Limited
JS Bank Limited

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: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.nbpffunds.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
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 Fund Management Limited (Formerly; NBP Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of **NAFA Riba Free Savings Fund (NRFSF)** for the period ended March 31, 2018.

Fund's Performance

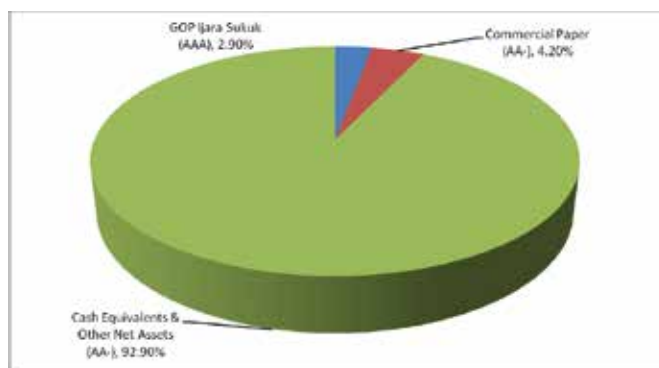
The size of NAFA Riba Free Savings Fund has increased from Rs. 2,127 million to Rs. 3,447 million during the period (i.e. a significant growth of 62%). During the period, the unit price of the Fund has increased from Rs. 10.1882 on June 30, 2017 to Rs. 10.5742 on March 31, 2018, thus showing a return of 5.0% 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 sukuks. 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.

During the period under review, in its bi-monthly monetary policy review in January 2018, State Bank of Pakistan (SBP) increased the policy rate and discount rate by 25 basis points to 6.00% and 6.50%, respectively. After remaining range bound, sovereign yields responded to the recent increase in the policy rates and expectation of more to come in the near future. During the period under review, yields on T-bills for 3-month, 6-month, and 12-month, tenors increased by 41 basis points, 57 basis points, 71 basis points, respectively. Expecting upside risks to inflation and interest rates, investors' preference remained tilted toward short tenors.

The primary market for corporate Sukuks remained under-supplied against the large demand. In the secondary market, the trading activity in the corporate Sukuk remained thin. Prices of GoP Sukuk moved down with corresponding increase in yields by 120-182 basis points for different Ijara issues.

The Fund has earned total income of Rs. 145.36 million during the period. After deducting expenses of Rs.26.74 million, the net income is Rs.118.62 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 Fund Management Limited
(Formerly; NBP Fullerton Asset Management Limited)

Chief Executive Officer

Director

Date: April 30, 2018
Place: Karachi.

NAFA RIBA FREE SAVINGS FUND

ڈائریکٹر رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ (سابقہ: NBP فلٹرن ایسٹ منیجمنٹ لمیٹڈ) کے بورڈ آف ڈائریکٹر زبردست 31 مارچ 2018 کو ختم ہونے والی مدت کے لئے NAFA ریفاری سیونگز فنڈ (NRFSF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NAFA ریفاری سیونگز فنڈ سائز اس مدت کے دوران 2,127 ملین روپے سے بڑھ کر 3,447 ملین روپے ہو گیا، یعنی 62% کا گراں قدر اضافہ ہے۔ اس مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2017 کو 10.1882 روپے سے بڑھ کر 31 مارچ 2018 کو 10.5742 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے اپنے بیچ مارک منافع 2.5% کے مقابلے میں 5.0% منافع درج کرایا۔ فنڈ کا منافع منیجمنٹ فیس اور دیگر اخراجات کے بعد خالص ہے۔

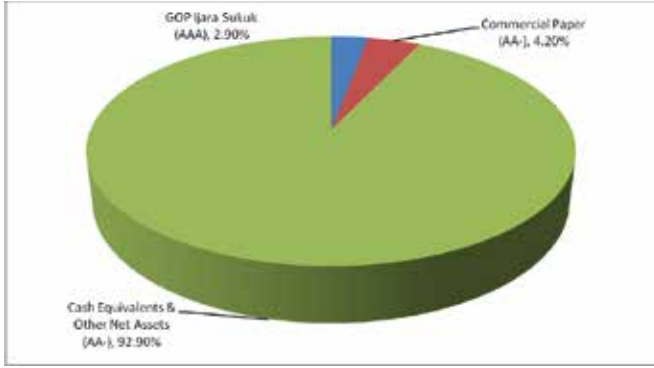
NRFSF ایک اسلامک انکم اسکیم ہے جس کا اثاک مارکیٹ اور کارپوریٹ sukuks سے کوئی براہ راست یا بالواسطہ تعلق نہیں ہے۔ فنڈ کا PACRA کی طرف سے A(f) سٹیبلٹی ریٹنگ دی گئی ہے، جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا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

زیر جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) نے جنوری 2018 میں اپنی دو ماہ کی مانیٹری پالیسی میں پالیسی ریٹ اور ڈسکاؤنٹ ریٹ میں 25 بیس پوائنٹس کے اضافے سے انھیں بالترتیب 6.00% اور 6.50% تک پہنچا دیا ہے۔ بقیہ بیچ کے محدود ہونے کے بعد (Sovereign) منافع نے حالیہ پالیسی ریٹس میں اضافے اور مستقبل قریب میں مزید اضافے کی توقع کا رد عمل ظاہر کیا۔ زیر جائزہ مدت کے دوران میں 3 ماہ، 6 ماہ اور 12 ماہ کیلئے T-Bills کے منافع میں بالترتیب 41 بیس پوائنٹس، 57 بیس پوائنٹس اور 71 بیس پوائنٹس کا اضافہ ہوا۔ افراط زر اور شرح سود سے متعلق بڑھتے ہوئے خدشات کی بنا پر سرمایہ کاروں کی ترجیح کا جھکاؤ مختصر مدت کی طرف رہا۔

کارپوریٹ sukuks کی ابتدائی مارکیٹ نے بڑی طلب کے مقابلے میں کم فراہمی کا مظاہرہ کیا۔ ثانوی مارکیٹ میں کارپوریٹ sukuks میں تجارتی سرگرمیاں بھی کم رہیں۔ مختلف اجارہ جات کے اجراء کے باعث نتائج میں 120-182 بیس پوائنٹس اضافہ ہوا اور اس کے مطابق حکومت پاکستان کے sukuks نیچے آ گئے۔

اس مدت کے دوران فنڈ نے 145.36 ملین روپے کی مجموعی آمدنی کمائی۔ اخراجات کی مد میں 26.74 ملین روپے منہا کرنے کے بعد خالص آمدنی 118.62 ملین روپے ہے۔ درج ذیل چارٹ NRFSF کی ایسیٹ الیکویشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:

NAFA RIBA FREE SAVINGS FUND



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ انویسٹمنٹ 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 رٹرنی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ لمیٹڈ

(سابقہ: NBP فلٹرن ایسٹ منجمنٹ لمیٹڈ)

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ

30 اپریل 2018

بہ مقام: کراچی

NAFA RIBA FREE SAVINGS FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2018

	Note	(Un- Audited) March 31' 2018	Audited June 30, 2017
(Rupees in '000)			
ASSETS			
Balances with banks		3,203,621	2,048,337
Investments	4	247,359	101,990
Prepayment and other receivables		207	10,356
Profit receivable		20,465	1,171
Receivable against issue of units		-	-
Total assets		3,471,652	2,161,854
LIABILITIES			
Payable to the Management Company		5,039	2,975
Payable to the Trustee		387	242
Payable to Securities and Exchange Commission of Pakistan		1,785	1,075
Payable against redemption of units		44	-
Accrued expenses and other liabilities		17,697	30,413
Total liabilities		24,952	34,705
NET ASSETS		3,446,700	2,127,149
Unit holders' fund (As per statement attached)		3,446,700	2,127,149
CONTINGENCIES AND COMMITMENTS			
	6	-----Number of units-----	
Number of units in issue		325,955,051	208,784,704
		------(Rupees)-----	
Net asset value per unit		10.5742	10.1882

The annexed notes form an integral part of these condensed interim financial information.

For NBP Fund Management Limited
(Formerly;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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

		Nine months Period ended		Quarter ended	
	Note	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
INCOME					
----- Rupees in '000 -----					
Profit on bank deposits		140,482	54,076	53,602	23,789
Income on GOP Ijara Sukuks & commercial paper		4,137	4,093	1,359	1,343
Income Commercial paper		2,749	-	2,660	-
Reversal of provision for Workers' Welfare Fund		-	10,079	-	10,079
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(2,000)	560	(720)	(1,100)
Total income		145,368	68,808	56,901	34,111
EXPENSES					
Remuneration of the Management Company		13,726	5,516	5,371	2,322
Sindh sales tax on remuneration of the Management Company		1,784	717	698	302
Remuneration of the Trustee		2,660	1,435	983	572
Sindh Sales Tax on remuneration of the Trustee		346	187	128	74
Annual fee - Securities and Exchange Commission of Pakistan		1,785	710	683	319
Accounting and operational charges to the Management Company		2,379	947	910	426
Annual listing fee		21	41	7	13
Settlement & Bank charges		413	209	107	42
Auditors' remuneration		451	413	103	115
Fund rating fee		266	245	89	82
Printing and related costs		62	10	18	10
Shariah advisor fee		364	301	141	110
Provision for Sindh Workers' Welfare Fund- previous years		-	377	-	377
Legal and professional charges		66	21	31	21
Total expenses		24,323	11,129	9,269	4,785
Net income from operating activities		121,045	57,679	47,632	29,326
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		-	22,752	-	13,483
		121,045	80,431	47,632	42,809
Provision for Sindh Workers' Welfare Fund	5	(2,421)	(1,609)	(952)	(1,609)
Net income for the period before taxation		118,624	78,822	46,680	41,200
Taxation	7	-	-	-	-
Net income for the period after taxation		118,624	78,822	46,680	41,200
Earnings per unit					
Allocation of net income for the period:					
Net income for the period after taxation		118,624		46,680	
Income already paid on units redeemed		(36,274)		(19,063)	
		82,350		27,617	
Accounting Income available for Distribution					
- Relating to capital gain		-		-	
- Excluding capital gain		82,350		27,617	
		82,350		27,617	

The annexed notes form an integral part of these condensed interim financial information.

For NBP Fund Management Limited
(Formerly;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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

	<u>Nine months Period ended</u>		<u>Quarter ended</u>	
	<u>31-Mar-18</u>	<u>31-Mar-17</u>	<u>31-Mar-18</u>	<u>31-Mar-17</u>
	<u>----- Rupees in '000 -----</u>			
Net income for the period after taxation	118,624	78,822	46,680	41,200
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>118,624</u>	<u>78,822</u>	<u>46,680</u>	<u>41,200</u>

The annexed notes form an integral part of these condensed interim financial information.

For NBP Fund Management Limited
(Formerly; 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 NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine Months Period ended March 31,					
	2018			2017		
	(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 472,789,797 units (2017: 239,538,608 units)						
- Capital value	4,816,877	-	4,816,877			
- Element of income	83,253	-	83,253			
Total proceeds on issuance of units	4,900,130	-	4,900,130	2,435,940	66,386	2,502,326
Redemption of 355,619,450 units (2017: 182,180,519 units)						
- Capital value	(3,623,122)	-	(3,623,122)			
- Element of loss	(39,808)	(36,274)	(76,081)			
Total payments on redemption of units	(3,662,930)	(36,274)	(3,699,203)	(1,852,648)	(43,634)	(1,896,282)
Net element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	(22,752)	(22,752)
Total comprehensive income for the period	-	118,624	118,624	-	78,822	78,822
Net assets at end of the period	3,345,766	100,933	3,446,700	1,728,829	93,511	1,822,340
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		82,350			78,822	
Undistributed income carried forward		100,933			93,511	
Undistributed income carried forward						
- Realised		102,933			92,951	
- Unrealised		(2,000)			560	
		100,933			93,511	
			- (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		10.5742			10.6291	

The annexed notes form an integral part of these condensed interim financial information.

**For NBP Fund Management Limited
(Formerly;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 NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine month Period ended	
	March 31, 2018	March 31, 2017
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	118,624	78,822
Adjustments		
Element of (income)/loss and capital gains included in prices of units issued less those in units redeemed - net	-	(22,752)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	2,000	(560)
	120,624	55,510
(Increase) / decrease in assets		
Investments - net	(147,369)	-
Advances, deposits, prepayments and other receivables	10,149	30
Profit receivable	(19,294)	(4,429)
	(156,514)	(4,399)
Increase / (decrease) in liabilities		
Payable to the Management Company	2,064	486
Payable to the Trustee	145	52
Payable to Securities and Exchange Commission of Pakistan	710	(293)
Accrued expenses and other liabilities	(12,716)	(60,431)
	(9,797)	(60,186)
Net cash generated from / (used in) from operating activities	(45,687)	(9,075)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	4,900,130	2,492,740
Payment on redemption of units	(3,699,159)	(1,896,221)
Net cash generated from financing activities	1,200,971	596,519
Net increase in cash and cash equivalents during the period	1,155,284	587,444
Cash and cash equivalents at the beginning of the period	2,048,337	1,130,634
Cash and cash equivalents at end of the period	3,203,621	1,718,078

The annexed notes form an integral part of these condensed interim financial information.

**For NBP Fund Management Limited
(Formerly; 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 (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

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).

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 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.

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).

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.

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.

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.

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

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

The disclosures made in this condensed interim financial information have 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 financial statements of the Fund for the year ended June 30, 2017.

NAFA RIBA FREE SAVINGS FUND

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

3 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 the 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.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been higher by Rs. 7.03 million net off charge for SWWF in respect of element of income and consequently NAV per unit would have been lower by Rs. 0.0004 . 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 As at March 31, 2018	Audited As at June 30, 2017
(Rupees in '000)			
4 INVESTMENTS			
At fair value through profit or loss - held for trading			
Government of Pakistan Ijarah Sukuks	4.1	99,990	101,990
Commercial Paper	4.1.2	<u>147,369</u> <u>247,359</u>	<u>-</u> <u>101,990</u>

NAFA RIBA FREE SAVINGS FUND

4.1 Government of Pakistan Ijara Sukuks - at fair value through profit or loss

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

Name of the investee company	Issue Date	Number of certificates				Market Value as at March 31, 2018	Investment as percentage of	
		As at July 01, 2017	Purchases during the period	Sales during the period	As at March 31, 2018		Net assets	Market value of total investments
						Rupees in '000'	-----	%-----
GoP Ijara Sukuk XVI	18-Dec-2015 to 18-Dec-2018	1,000	-	-	1,000	99,990	3%	0.40
						<u>99,990</u>		
Carrying Value as at March 31, 2018						101,990		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>(2,000)</u>		

4.1.2 Commercial Paper

Name of the investee company	Issue Date	Face Value				Market Value as at March 31, 2018	Investment as percentage of	
		As at July 01, 2017	Purchases during the period	Matured Sales during the period	As at March 31, 2018		Net assets	Market value of total investments
Hascol Petroleum Ltd	29-Dec-2017 to 29-June-2018		150,000	-	150,000	147,369	4%	0.60
						<u>147,369</u>		

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

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.4.021 million for the period ended March 31, 2018 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 0.0123 per unit (June 30, 2017: Rs. 0.0077 per unit).

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2018 and June 2017.

7 TAXATION

The income of the Fund is exempt from income tax under 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 period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision for 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.

8 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 SECP fee for the period.

NAFA RIBA FREE SAVINGS FUND

9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1 Connected persons include NBP Fund Management Limited Formerly NBP Fullerton Asset Management Limited (Management Company) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 9.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

9.5 Transactions during the period

NBP Fund Management Limited

Formerly NBP Fullerton Asset Management Limited (Management Company)

	March 31, 2018	March 31, 2017
Management remuneration for the period	13,726	5,516
Sale Load for the period	626	211
Sindh sales tax on remuneration of the Management Company	1,784	717
Accounting and operational charges to the Management Company	2,379	947

Central Depository Company of Pakistan Limited - Trustee

Remuneration	2,660	1,435
Sindh Sale tax on Remuneration	346	187
CDS Charges	35	5

Employees of Management Company

Units issued / transferred in 2,349,458 units; (2017: 1,275,118 units)	24,363	13,301
Units redeemed / transferred out 1,587,688 units; (2017: 1,384,442 units)	16,469	14,561

PTCL EMPLOYEES GENERAL PROVIDENT FUND

Unit holder with more than 10% units holding

Units issued / transferred in 1,011,937,059 units (2017: 21,195,572 units)	97,563	225,290
Units redeemed / transferred out 171,482,445 units (2017: Nil units)	16,571	-

NBP Funds Employee Provident Fund (Management Company)

Units issued / transferred in 1,532,336 units (2017: 215,276 units)	15,725	2,250
Units redeemed / transferred out 1,214,627 units (2017: Nil units)	12,649	-

PAKISTAN MOBILE COMMUNICATION LTD PROVIDENT FUND

Units redeemed / transferred out Nil units (2017: 423,930 units)	-	4,430
--	---	-------

SERVICE SALES CORP.PROVIDENT FUND TRUST

Units issued / transferred in 2,517,401 units (2017: Nil units)	26,155	-
Units redeemed / transferred out 431,929 units (2017: Nil units)	4,511	-

---- (Un-Audited) ----
----- Nine month Period ended -----
March 31, March 31,
2018 2017
-----Rupees in '000-----

NAFA RIBA FREE SAVINGS FUND

		---- (Un-Audited) ---- Nine month ended	
		March 31, 2018	March 31, 2017
		-----Rupees in '000-----	
TELENOR PAKISTAN (PVT) LTD EMPLOYEES P.F (ISLAMIC)			
Units issued / transferred in 3,147,362 units (2017:Nil units)		33,000	-
Units redeemed / transferred out 160,817units (2017:Nil units)		1,700	-
PROSPERITY WEAVING MILLS			
Units redeemed / transferred out 876 units (2017: Nil units)		9	-
BYCO PETROLEUM PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND - CPS			
Units issued / transferred in 4,411,722 units (2017: Nil units)		45,600	-
MR KHALID MEHMOOD - CFO			
Units issued / transferred in 173,886 units (2017: Nil units)		1,800	-
Units redeemed / transferred out 52,250 units (2017: Nil units)		551	-
*Bank Islami Pakistan Limited			
(Common Directorship with the Management Company)			
Markup Income		17,706	-
		Un-audited March 31, 2018	Audited June 30, 2017
		----- (Rupees in '000) -----	
10	Balances outstanding as at period / year end		
NBP Fund Management Limited			
<i>Formerly NBP Fullerton Asset Management Limited (Management Company)</i>			
Remuneration payable		1,894	1,055
Sales load/Transfer Load payable/Sale tax.		154	349
Sindh sales tax payable on remuneration of the Management Company		247	138
Operational expenses		2,380	1,433
Shariah Advisor Fee		364	480
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable		344	215
Sale tax on Remuneration payable		44	27
CDS settlement charges payable		45	12
Security deposit		200	200
National Bank of Pakistan - Parent Company			
Balance in current account		4,782	4,190
Employees of Management Company			
Investment held in the Fund 1,109,508 units (June 30, 2017:347,738units)		11,732	3,543
Summit Bank Ltd. (common Directorship with the Management Company)			
Balance in current account		4,320	2,787
*Bank Islami Pakistan Limited			
(Common Directorship with the Management Company)			
Bank balance		65,389	39,033
Markup accrued		6,593	62
NAFA Employee Provident Fund (Management Company)			
Investment held in the Fund 545,109 units (June 30, 2017:227,398 units)		5,764	2,317
SERVICE SALES CORP.PROVIDENT FUND TRUST			
Units held: 2,085,472 (2017: Nil units)		22,052	-

NAFA RIBA FREE SAVINGS FUND

	Un-audited March 31, 2018 ----- (Rupees in '000) -----	Audited June 30, 2017
TELENOR PAKISTAN (PVT) LTD EMPLOYEES P.F Units held: 2,986,545 (2017: Nil units)	31,580	-
MR. KHALID MEHMOOD - CHIEF FINANCIAL OFFICER Units held: 121,636 (2017: Nil units)	1,286	-
BYCO PETROLEUM PAKISTAN LIMITED - EMPLOYEE PROVIDENT FUND - CPS Units held: 4,411,722 (2017: Nil units)	46,650	-

11 DATE OF AUTHORISATION FOR ISSUE

This financial information was authorised for issue by the Board of Directors of the Management Company on 30th April, 2018.

12 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

- 12.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

For NBP Fund Management Limited
(Formerly; NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

 /nbpffunds