

**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 FUNDS

## FUND'S INFORMATION

### Management Company

**NBP Fullerton Asset Management Limited - Management Company**  
(Formerly National Fullerton Asset Management Limited)

### Board of Directors of the Management Company

Mr. Qamar Hussain	Chairman
Mr. Shahid Anwar Khan	Director
Mr. Gerard Lee How Cheng	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Farooque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Amjad Waheed	Chief Executive Officer
Dr. Asif A. Brohi	Director

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Gerard Lee How Cheng	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Shehryar Farooque	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

Al-Baraka Islamic Bank Ltd.  
Askari Bank Ltd.  
Bank Alfalah Ltd.  
Bank Islami Pakistan Ltd.  
Dawood Islamic Bank Ltd.  
Dubai Islamic Bank Ltd.  
Emirates Global Islamic Bank Ltd.  
Habib Bank Ltd.  
Habib Metropolitan Bank Ltd.  
MCB Bank Ltd.  
Meezan Bank Ltd.  
National Bank of Pakistan  
NIB Bank Ltd.  
Soneri Bank Ltd.  
United Bank Ltd.

# NAFA RIBA FREE SAVINGS FUNDS

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

68-B-1, M. M. Alam Road,  
Gulberg 3, Lahore.  
UAN: 042-111-111-632,  
Phone: 042-35778248-63  
Fax: 042-35876806

## **Islamabad Office:**

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

## **Peshawar Office:**

1st Floor, Haji Tehmas Centre,  
Near KFC, Tehkal Payan  
University Road, Peshawar.  
Phone: 92-91-5711784, 5711782  
Fax: 92-91-5211780

## **Multan Office:**

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

# NAFA RIBA FREE SAVINGS FUNDS

## Contents

FUND'S INFORMATION	02
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	07
CONDENSED INTERIM INCOME STATEMENT	08
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	09
CONDENSED INTERIM DISTRIBUTION STATEMENT	10
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	13

# NAFA RIBA FREE SAVINGS FUNDS

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited (formerly: National Fullerton Asset Management Limited) is pleased to present the first unaudited financial statements of NAFA Riba Free Savings Fund for the period from July 30, 2010 to September 30, 2010.

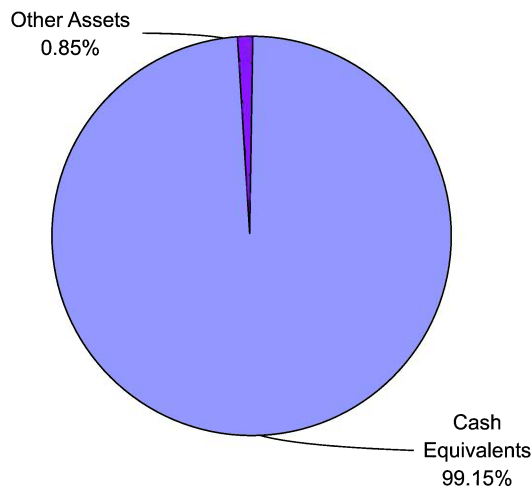
### Fund's Performance

This is the first quarterly report of NAFA Riba Free Savings Fund, since its launch on August 21, 2010. Up to September 30, 2010 the Unit Price of your Fund has increased from Rs. 10 to Rs. 10.0952, translating into an annualized return of 8.80%. As of September 30, 2010 the Fund size exceeded Rs.127 million.

Rising Government borrowing and inflation has forced SBP to raise the Discount Rate by another 50 basis points over the last two months. This has kept the market rates on higher end.

NAFA Riba Free Savings Fund has earned total income of Rs.1.71 million during the period. After deducting expenses of Rs.0.51 million, the net income is Rs.1.20 million, translating into earning per unit of Rs.0.0952.

The asset allocation of the Fund as on September 30, 2010 is as follows:



# NAFA RIBA FREE SAVINGS FUNDS

## 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  
(formerly: National Fullerton Asset Management Limited)

Chief Executive

Director

Date: October 18, 2010  
Place: Karachi.

# NAFA RIBA FREE SAVINGS FUNDS

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES As at September 30, 2010

	Note	(Un-audited) AS AT SEPTEMBER 30, 2010 Rupees in '000
<b>ASSETS</b>		
Balances with banks		126,534
Profit receivable	4	1,585
Preliminary expenses and floatation costs		983
<b>Total assets</b>		<b>129,102</b>
<b>LIABILITIES</b>		
Payable to the Management Company		1,241
Payable to the Trustee		58
Payable to the Securities and Exchange Commission of Pakistan		10
Accrued expenses and other liabilities	5	188
<b>Total Liabilities</b>		<b>1,497</b>
<b>NET ASSETS</b>		<u><u>127,605</u></u>
<b>UNITHOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u><u>127,605</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	
		<b>Number of units</b>
<b>Number of units in issue</b>		<u><u>12,640,164</u></u>
		<b>Rupees</b>
<b>NET ASSET VALUE PER UNIT</b>		<u><u>10.0952</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUNDS

## CONDENSED INTERIM INCOME STATEMENT FOR THE PERIOD FROM JULY 30, 2010 TO SEPTEMBER 30, 2010

	Note	(Un-audited) For the Period from July 30, 2010 to September 30, 2010 Rupees in '000
<b>INCOME</b>		
Profit on bank deposits		1,585
<b>Total income</b>		<u>1,585</u>
<b>EXPENSES</b>		
Remuneration of the Management Company		196
Remuneration of the Trustee		79
Annual fee - Securities and Exchange Commission of Pakistan		10
Bank charges		17
Annual listing fee		3
Rating fee		26
Auditors' remuneration		59
Printing charges		64
Amortisation of preliminary expenses and floatation costs		23
<b>Total expenses</b>		<u>477</u>
<b>Net income from operating activities</b>		1,108
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		120
Provision for workers' welfare fund		(25)
<b>Net income for the period before taxation</b>		<u>1,203</u>
Taxation	7	-
<b>Net income for the period after taxation</b>		<u><u>1,203</u></u>
<b>Earnings per unit</b>	8	

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director



# NAFA RIBA FREE SAVINGS FUNDS

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM JULY 30, 2010 TO SEPTEMBER 30, 2010

	(Un-audited) For the Period from July 30, 2010 to September 30, 2010 Rupees in '000
Net income for the period after taxation	1,203
Other comprehensive income for the period	-
<b>Total comprehensive income for the period</b>	<u>1,203</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM JULY 30, 2010 TO SEPTEMBER 30, 2010

**NAFA RIBA FREE SAVINGS FUNDS**

CONDENSED INTERIM DISTRIBUTION STATEMENT  
FOR THE PERIOD FROM JULY 30, 2010 TO SEPTEMBER 30, 2010

	(Un-audited) For the Period from July 30, 2010 to September 30, 2010 Rupees in '000
Net income for the period after taxation	1,203
<b>Undistributed income carried forward</b>	<u>1,203</u>
Undistributed income comprising of:	
Realised income	1,203
Unrealised income / (loss)	<u>-</u>
	<u>1,203</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUNDS

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE PERIOD FROM JULY 30, 2010 TO SEPTEMBER 30, 2010

	(Un-audited) For the Period from July 30, 2010 to September 30, 2010
	Rupees in '000
Issue of 12,863,705 units	128,776
Redemption of 223,541 units	(2,254)
	126,522
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(120)
Net income	1,203
	1,203
<b>Net Assets at the end of the period</b>	<b>127,605</b>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUNDS

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD FROM JULY 30, 2010 TO SEPTEMBER 30, 2010

(Un-audited)  
For the Period  
from July 30,  
2010 to September 30,  
2010  
Rupees in '000

### CASH FLOW FROM OPERATING ACTIVITIES

Net income for the period before taxation 1,203

#### Adjustments

Amortisation of preliminary expenses and floatation costs 23  
Element of (income) / loss and capital (gains) / losses included in prices  
of units issued less those in units redeemed (120)  
1,106

#### (Increase) / decrease in assets

Profit receivable (1,585)  
Preliminary expenses and floatation costs (1,006)  
(2,591)

#### Increase / (decrease) in liabilities

Payable to the Management Company 1,241  
Payable to the Trustee 58  
Payable to Securities and Exchange Commission of Pakistan 10  
Accrued expenses and other liabilities 188  
1,497  
12

#### Net cash outflow on operating activities

### CASH FLOW FROM FINANCING ACTIVITIES

Receipts from issue of units 128,776  
Payments on redemption of units (2,254)  
126,522

#### Net cash inflow from financing activities

126,534

#### Net increase in cash and cash equivalents during the period

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUNDS

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM JULY 30, 2010 TO SEPTEMBER 30, 2010

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Riba Free Savings Fund (NRFSF / the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) (Formerly National Fullerton Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

NRFSF is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering to the Fund. The Fund is listed on the Lahore Stock Exchange.

The core 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 has assigned an asset manager rating of AM2- to the Management Company and a stability rating of A+(f) to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

The directors of the asset management company declare that condensed interim financial statements give a true and fair view of the Fund.

#### 2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations to existing standards have been published but are not yet effective:

- a) IAS 24 'Related Party Disclosures' (revised) (effective from January 1, 2011). The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

There are certain other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or to have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

# NAFA RIBA FREE SAVINGS FUNDS

## 2.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgement was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2):

## 2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been carried at fair value.

## 2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 3.1 Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, available for sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis. Investments are categorised as follows:

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

#### b) Available for sale

These are non-derivative financial assets that are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices. Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

#### c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

### 3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

# NAFA RIBA FREE SAVINGS FUNDS

## **3.2.4.1 Subsequent measurement**

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

**3.2.4.2** Loans and receivables are carried at amortised cost using the effective interest method.

## **3.2.5 Impairment**

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement is reclassified from the Statement of Comprehensive income to the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

As allowed under circular No. 13 of 2009 issued by SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the management company on its website

## **3.2.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

## **3.2.7 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

## **3.3 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

## **3.4 Derivatives**

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement

## **3.5 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

# NAFA RIBA FREE SAVINGS FUNDS

## 3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of that day. The offer price represents the Net Asset Value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company, Investment facilitators or distributors. Transaction costs are recorded as the income of the Fund.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

## 3.7 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to income / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. 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.

## 3.8 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

## 3.9 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 year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

## 3.10 Proposed distributions

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared.

## 3.11 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the right to receive the payment is established.
- Income on sukuk bonds is recognised on time proportion basis.
- Income from term deposit musharika certificates is recognised on an accrual basis.
- Profit on bank deposits and placements is recognised on an accrual basis.
- Income on issue and redemption of units is recognised when units are issued and redeemed on the transaction date.



# NAFA RIBA FREE SAVINGS FUNDS

## 3.12 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Income Statement within the fair value net gain or loss.

	As at September 30, 2010 Rupees in '000
<b>4 PROFIT RECEIVABLE</b>	
Profit receivable on savings deposits	1,585
	<u>1,585</u>
<b>5 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	
Auditors' remuneration payable	59
Listing Fee	3
Bank charges payable	11
Provision for workers' welfare fund	25
Printing charges payable	64
Fund Rating Fee	26
	<u>188</u>
<b>6 CONTINGENCIES AND COMMITMENTS</b>	
There were no contingencies and commitments outstanding as at September 30, 2010.	
<b>7 TAXATION</b>	
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 90 percent of its accounting income for the year / period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.	
<b>8 EARNINGS PER UNIT</b>	
Earnings per unit (EPU) for the period from July 30, 2010 to September 30, 2010 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.	
<b>9 TRANSACTIONS WITH CONNECTED PERSONS</b>	
<b>9.1</b> Connected persons include NBP Fullerton Asset Management Limited being the Management Company (NAFA) (formerly National Fullerton Asset Management Limited), Central Depository Company of Pakistan Limited being Trustee, National Bank of Pakistan (NBP), NIB Bank Limited (NIB) (till March 31, 2010) and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Provident Fund Trust being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.	
<b>9.2</b> The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.	

## NAFA RIBA FREE SAVINGS FUNDS

	For the period from July 30, 2010 to September 30, 2010 Rupees in '000
<b>9.3 Details of the transactions with connected persons are as follows:</b>	
<b>NBP Fullerton Asset Management Limited - Management Company</b> (Formerly National Fullerton Asset Management Limited)	
Management fee for the period	196
Units issued during the period (5,009,988 units)	50,100
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Remuneration for the period	79
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>	
Units issued during the period (4,990,012 units)	49,900
<b>Employees of the Management Company</b>	
Units issued during the period (62,660 units)	627
Units redeemed during the period (1,995 units)	20
<b>As at September 30, 2010 Rupees in '000</b>	
<b>9.4 Amounts outstanding as at period end</b>	
<b>NBP Fullerton Asset Management Limited - Management Company</b> (Formerly National Fullerton Asset Management Limited)	
Management fee payable	148
Others	1,093
Investment held by the Sponsor in the Fund (5,009,988 units)	50,577
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Remuneration payable	58
<b>National Bank of Pakistan - Sponsor</b>	
Balance in current account	16
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>	
Investment held by the Sponsor in the Fund (4,990,012 units)	50,375
<b>Employees of the Management Company</b>	
Investment held by the executives in the Fund (60,665 units)	612
<b>10 DATE OF AUTHORISATION FOR ISSUE</b>	
These financial statements were authorised for issue by the Board of Directors of the Management Company on October 18, 2010.	
<b>11 GENERAL</b>	
Figures have been rounded off to the nearest thousand Rupees.	

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

Chief Executive

Director