

NBP ISLAMIC ENERGY FUND



HALF YEARLY REPORT
DECEMBER 31, 2019



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.

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NBP ISLAMIC ENERGY FUND (FORMERLY ; NAFA ISLAMIC ENERGY FUND)



FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Saad ur Rahman Khan	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Saad Amanullah Khan	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islami Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Summit Bank Limited
United Bank Limited

NBP ISLAMIC ENERGY FUND (FORMERLY ; NAFA ISLAMIC ENERGY FUND)



NBP FUNDS
Managing Your Savings

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block 4, Scheme 5,
Clifton, Karachi 75600, Pakistan.

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.nbpfunds.com

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
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-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the condensed reviewed financial statements of **NBP Islamic Energy Fund** (Formerly: NAFA Islamic Energy Fund) (NIEF) for the half year ended December 31, 2019.

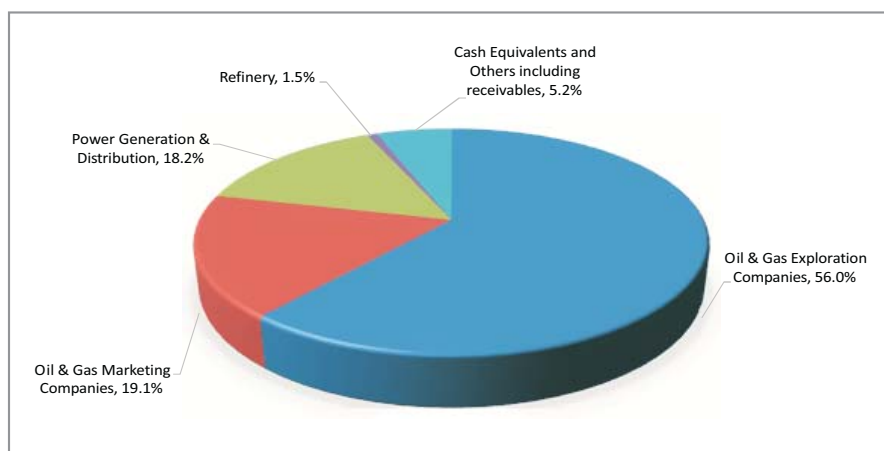
Fund's Performance

The size of NBP Islamic Energy Fund (Formerly: NAFA Islamic Energy Fund) at the end of the period stood at Rs. 649 million, 3% lower than at June 30, 2019. During the period the unit price of NIEF has increased from Rs. 9.1493 on June 30, 2019 to Rs. 10.6028 on December 31, 2019, thus showing an increase of 15.9%. The Benchmark (KMI-30 Index) increased by 22.0%. Thus, the Fund has underperformed its Benchmark by 6.1% during the period under review. Since inception (April 21, 2016), the unit price of the Fund has showing an increase of 17.2% as compared to 12.0% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 5.2%. This performance is net of management fee and all other expenses.

Reversing the negative trend of the last two years, the market staged a strong recovery as the benchmark KMI-30 Index surged by 22.0% during 1HFY2020, however the period was characterized with large swings. Despite flurry of positive developments that included accord of the IMF for USD 6 billion Extended Funds facility (EFF); commencement of Saudi oil facility worth USD 3.3 billion; and USD 500 million flow of funds from Qatar; the market started off the period under review on a frail note. The benchmark KMI-30 Index declined by around 17% by mid-August as investors remained concerned over slowdown in economic activity. The deteriorating Pakistan-India relations over repealing of article 370 in Kashmir by the latter triggered panic selling with the Index hitting multi-year low of 44,929 points on August 16, 2019. Consequently, the attractive valuations prompted value buying and the shift in investors' mood was also supported by improving macroeconomic indicators, mainly on external account front, as the current account deficit declined massively by 74% to USD 2.2 billion during 1HFY2020, from USD 8.6 billion in same period last year. Resumption of foreign currency inflows from multilateral donor agencies and portfolio inflows in government securities boosted the SBP's FX reserves to USD 11.3 billion, the highest level since April-2018. Sharply falling yields on the longer tenure government securities (PIBs), as a harbinger to reversal of monetary tightening cycle also buoyed market sentiment. As a result, the market staged robust rally, surging by 47.0% from the bottom in mid-August, taking 1HFY2020 return to 22.0%.

In terms of sectoral performance, Engineering, Pharmaceuticals, Paper & Board, Chemicals and Transport out-performed the market, while Automobile, Commercial Banks, Power Generation & Distribution lagged behind. On the participant-wise activity, Individuals remained major buyers with net inflows of USD 140 million, along with Other Organizations that accumulated positions worth USD 14 million. On the other hand, Banks/DFIs, Mutual Funds, and Insurance were net sellers with net outflows to the tune of USD 91 million, USD 53 million, and USD 20 million, respectively.

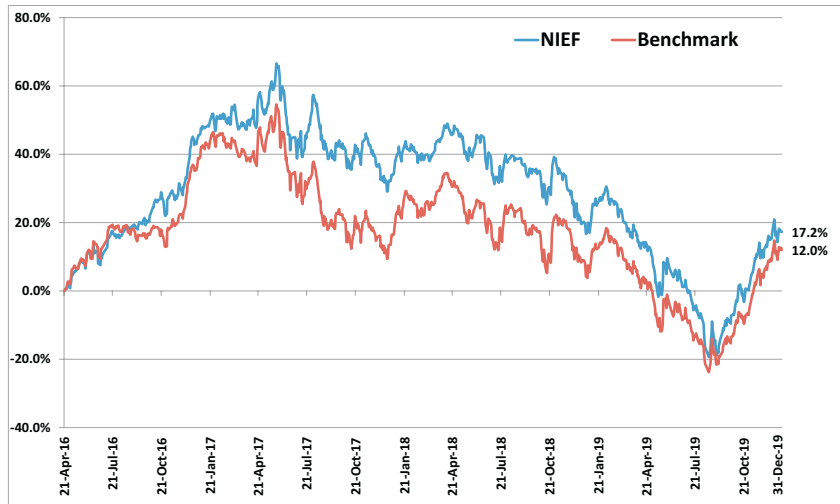
NBP Islamic Energy Fund has earned a profit of Rs. 84.586 million during the period. After incurring total expenses of Rs. 12.223 million, the net profit is Rs. 72.363 million. The asset allocation of the Fund as on December 31, 2019 is as follows:



NBP ISLAMIC ENERGY FUND (FORMERLY ; NAFA ISLAMIC ENERGY FUND)



NIEF Performance versus Benchmark (Since Inception)



Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: February 27, 2020
Place: Karachi.

ڈائریکٹرز کی رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2019ء کو ختم ہونے والی ششماہی کے لئے NBP اسلامک انرجی فنڈ (سابقہ: NAFA اسلامک انرجی فنڈ) (NIEF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

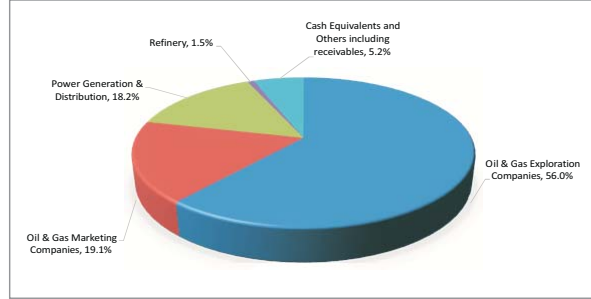
موجودہ مدت کے دوران NBP اسلامک انرجی فنڈ (سابقہ: NAFA اسلامک انرجی فنڈ) کا سائز 649 ملین روپے رہا۔ جو 30 جون 2019 کے مقابلے میں 3% کم ہے۔ اس مدت کے دوران، NBP اسلامک انرجی فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.1493 روپے سے کم ہو کر 30 ستمبر 2019 کو 10.6028 روپے ہو گئی، لہذا 15.9% کی کمی دکھائی۔ بیچ مارک (KMI-30 انڈیکس) 22% سے زیادہ ہوا۔ لہذا فنڈ کی کارکردگی زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 6.1% بہتر رہی۔ اپنے قیام کے وقت (21 اپریل 2016) سے اب تک فنڈ کے یونٹ کی قیمت نے اپنے بیچ مارک میں 12.0% اضافہ کے مقابلے میں 17.2% کا اضافہ ہوا۔ اس طرح فنڈ کی کارکردگی اپنے بیچ مارک کے مقابلے میں 5.2% بہتر رہی۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

گذشتہ دو برسوں کے متفی رجحان کو ختم کرتے ہوئے مالی سال 2020 کی پہلی ششماہی میں مارکیٹ مستحکم ہوئی اور KMI-30 انڈیکس میں 22 فی صد اضافہ ہوا تاہم اس دوران مارکیٹ میں اتار چڑھاؤ آتے رہے۔ آئی ایم ایف سے 6 بلین ڈالر کے توسیعی قرضہ (EFF) کی منظوری، سعودی عرب سے 3.3 بلین ڈالر مالیت کی پٹرولیم مصنوعات کی فراہمی اور قطر سے 500 ملین ڈالر جیسی پرجوش مثبت پیش رفت کے باوجود زیر جائزہ مدت کا آغاز سست روی کا شکار رہا۔ سرمایہ کاروں کا سست معاشی سرگرمیوں کے تحفظات کے باعث وسط اگست تک KMI-30 انڈیکس میں 17 فی صد کمی واقع ہوئی۔ کشمیر میں آرٹیکل 370 کے نفاذ پر پاک بھارت کشیدگی کی وجہ سے 16 اگست 2019ء کو انڈیکس گذشتہ برسوں کی کم ترین سطح 44,929 پوائنٹس تک پہنچ گیا۔ نتیجتاً، پُرکشش قیمتوں نے خریداری کی حوصلہ افزائی کی اور بہتر معاشی اشاروں نے سرمایہ کاروں کے مزاج میں تبدیلی کی جسکی بنیادی وجہ بیرونی اکاؤنٹ میں بہتری تھی جیسا کہ بڑے پیمانے پر کرنٹ اکاؤنٹ خسارہ مالی سال 2020 کی پہلی ششماہی کے دوران 74 فی صد کم ہوا یعنی 2.2 بلین ڈالر ہو گیا جو گذشتہ برس کی اسی مدت میں 8.6 بلین ڈالر تھا۔ کثیر طرفہ ڈونر انجینسیوں سے غیر ملکی ترسیلات زر کا آغاز اور حکومتی سیکورٹیز کے پورٹ فولیو میں اضافہ کی وجہ سے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں 11.3 بلین ڈالر تک اضافہ ہوا جو اپریل 2018ء سے بلند ترین سطح ہے۔ طویل مدتی حکومتی سیکورٹیز (PIB) میں تیزی سے کمی معاشی تناؤ کو ختم کرنے کا پیش خیمہ ثابت ہوا جس کی وجہ سے مارکیٹ میں استحکام آیا۔ نتیجتاً، وسط اگست میں مارکیٹ میں کم ترین سطح سے 41.6 فی صد کا مضبوط اضافہ دیکھا گیا اور مالی سال 2020 کی پہلی ششماہی میں مارکیٹ میں 22 فی صد اضافہ رہا۔

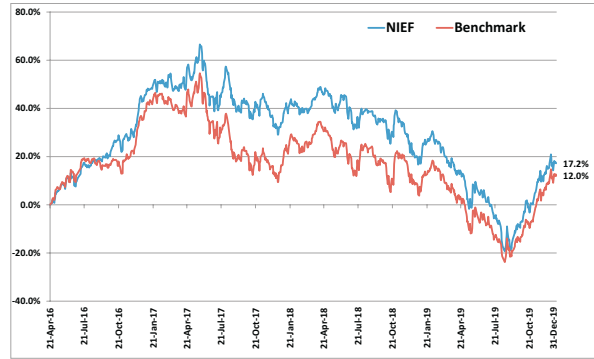
شعبہ جاتی کارکردگی کے تناظر میں انجینئرنگ، فارماسیوٹیکلز، کاغذ اور بورڈ، کیمیکلز اور ٹرانسپورٹ نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹوموبائل، کمرشل بینک، پاور جنریشن اور ڈسٹری بیوٹن نے ان کی پیروی کی۔ شریک دار سرگرمیوں کے تناظر میں انفرادی شرکت دار 140 ملین ڈالر کے مجموعی ان فلو کے ساتھ بڑے خریدار رہے جب کہ دیگر اداروں نے 14 ملین ڈالر کے ساتھ پوزیشن مستحکم کی۔ دوسری جانب، بینک/DFI، میوچل فنڈ ز اور انشورنس بالترتیب 91 ملین ڈالر، 53 ملین ڈالر اور 20 ملین ڈالر کے مجموعی آؤٹ فلو کے ساتھ بڑے فروخت کنندگان رہے۔

NBP اسلامک انرجی فنڈ کو اس مدت کے دوران 84.586 ملین روپے کا منافع کمایا۔ 12.223 ملین روپے کے اخراجات منہا کرنے کے بعد خالص منافع 72.363 ملین روپے ہے۔

31 دسمبر 2019 کو فنڈ کی ایسٹ ایبلو کیشن درج ذیل ہے:



NIEF کی کارکردگی بہ مقابلہ بیچ مارک



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔ بورڈ اپنے اسٹاف اور سٹشٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

مخائب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 27 فروری 2020ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Energy Fund [formerly NAFA Islamic Energy Fund] (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund for the period ended December 31, 2019 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.

Badiuddin Akber

Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 26, 2020

Independent Auditors' Review Report to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of NBP Islamic Energy Fund (Formerly NAFA Islamic Energy Fund) (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year then ended. The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 condensed interim financial statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**

Dated: February 27, 2020
Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2019

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in 000) -----	
ASSETS			
Bank balances	4	50,915	33,788
Investments	5	614,858	623,324
Profit receivable	6	456	421
Receivable against sale of investments		-	26,783
Receivable against issuance of units		74	-
Preliminary expenses and floatation costs	7	600	830
Deposits, prepayments and other receivables	8	5,618	5,604
Total assets		672,521	690,750
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	5,436	6,110
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	120	132
Payable to the Securities and Exchange Commission of Pakistan	11	56	1,132
Payable against redemption of units		41	-
Accrued expenses and other liabilities	12	18,200	17,340
Total liabilities		23,853	24,714
NET ASSETS		648,668	666,036
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		648,668	666,036
CONTINGENCIES AND COMMITMENTS	13		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE		61,178,687	72,795,981
		----- Rupees -----	
NET ASSET VALUE PER UNIT	15	10.6028	9.1493

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2019	2018	2019	2018
INCOME	Rupees in 000			
(Loss) / gain on sale of investments - net	(7,038)	(53,665)	13,628	(45,441)
Dividend income	9,889	23,035	4,749	9,713
Profit on bank balances	2,269	7,059	1,174	2,966
Unrealised appreciation / (diminution) on remeasurement of investments classified as financial asset 'at fair value through profit or loss' - net	5.3 79,467	(199,404)	114,595	(139,425)
Total income	84,587	(222,975)	134,146	(172,187)
EXPENSES				
Remuneration of NBP Fund Management Limited - Management Company	9.1 4,288	14,575	2,189	6,803
Sindh Sales Tax on remuneration of the Management Company	557	1,895	284	885
Allocated expenses	9.3 279	729	146	340
Selling and marketing expenses	9.4 3,114	2,915	1,730	1,361
Remuneration of Central Depository Company of Pakistan Limited - Trustee	558	1,233	291	592
Sindh sales tax on remuneration of the Trustee	73	160	38	77
Annual fee of the Securities and Exchange Commission of Pakistan	56	692	29	323
Amortisation of preliminary expenses and floatation costs	7 230	230	116	115
Auditors' remuneration	314	328	173	245
Securities transaction cost	1,021	960	749	682
Printing expenses	-	9	-	9
Legal fee	19	54	10	54
Listing fee	14	14	7	7
Shari'ah advisor fee	48	117	39	89
Settlement and bank charges	176	186	5	142
Total operating expenses	10,747	24,097	5,806	11,724
Net profit / (loss) from operating activities	73,840	(247,072)	128,340	(183,911)
Provision against Sindh Workers' Welfare Fund	12.1 (1,477)	-	(1,477)	-
Net profit / (loss) for the period before taxation	72,363	(247,072)	126,863	(183,911)
Taxation	14 -	-	-	-
Net profit / (loss) for the period after taxation	72,363	(247,072)	126,863	(183,911)
Earning / loss per unit	16			
Allocation of net income for the period:				
Net income for the period after taxation	72,363	-		
Income already paid on units redeemed	(5,108)	-		
	67,255	-		
Accounting income available for distribution:				
- Relating to capital gains	66,438	-		
- Excluding capital gains	817	-		
	67,255	-		

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	----- Rupees in 000 -----			
Net profit / (loss) for the period after taxation	72,363	(247,072)	126,863	(183,911)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>72,363</u>	<u>(247,072)</u>	<u>126,863</u>	<u>(183,911)</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended December 31, 2019			Half year ended December 31, 2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in 000)			(Rupees in 000)		
Net assets at beginning of the period (audited)	608,471	57,565	666,036	1,229,320	417,863	1,647,183
Issuance of 27,459,081 units (December 31, 2018: 31,450,203 units)						
- Capital value (at net asset value per unit at the beginning of the period)	251,231	-	251,231	398,509	-	398,509
- Element of income / (loss)	11,285	-	11,285	(13,794)	-	(13,794)
Total proceeds on issuance of units	262,516	-	262,516	384,715	-	384,715
Redemption of 39,076,375 units (December 31, 2018: 58,248,961 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(357,521)	-	(357,521)	(738,077)	-	(738,077)
- Element of (loss) / income	10,382	(5,108)	5,274	47,584	-	47,584
Total payments on redemption of units	(347,139)	(5,108)	(352,247)	(690,493)	-	(690,493)
Total comprehensive income / (loss) for the period	-	72,363	72,363	-	(247,072)	(247,072)
Net assets at end of the period (un-audited)	523,848	124,820	648,668	923,542	170,791	1,094,333
Undistributed income brought forward						
- Realised income		209,700			459,033	
- Unrealised loss		(152,135)			(41,170)	
		57,565			417,863	
Accounting income available for distribution						
- Relating to capital gains	66,438					
- Excluding capital gains	817					
	67,255					
Net loss for the period after taxation					(247,072)	
Undistributed income carried forward		124,820			170,791	
Undistributed income carried forward						
- Realised income		45,353			370,195	
- Unrealised income / (loss)		79,467			(199,404)	
		124,820			170,791	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			9.1493			12.6711
Net assets value per unit at end of the period			10.6028			10.6044

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended December 31,	
	2019	2018
	-----Rupees in 000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (loss) for the period before taxation	72,363	(247,072)
Adjustments for:		
Unrealised (appreciation) / diminution on remeasurement of investments as financial assets 'at fair value through profit or loss' - net	(79,467)	199,404
Profit on bank balances	(2,269)	(7,059)
Dividend income	(9,889)	(23,035)
Amortisation of preliminary expenses and floatation costs	230	230
	<u>(19,032)</u>	<u>(77,532)</u>
Decrease / (increase) in assets		
Investments - net	87,933	274,687
Receivable against sale of investments	26,783	-
Deposits, prepayments and other receivables	(14)	(6)
	114,702	274,681
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - Management company	(674)	(9,869)
Payable to Central Depository Company of Pakistan Limited - Trustee	(12)	177
Payable to the Securities and Exchange Commission of Pakistan	(1,076)	(1,271)
Accrued expenses and other liabilities	860	(284)
	<u>(902)</u>	<u>(11,247)</u>
Profit received	2,234	6,824
Dividend received	9,889	25,219
Net cash generated from operating activities	<u>106,891</u>	<u>217,945</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issue of units	262,442	384,715
Payments on redemption of units	(352,206)	(685,897)
Net cash used in financing activities	<u>(89,764)</u>	<u>(301,182)</u>
Net increase / (decrease) in cash and cash equivalents during the period	17,127	(83,237)
Cash and cash equivalents at the beginning of the period	33,788	235,501
Cash and cash equivalents at the end of the period	<u>50,915</u>	<u>152,264</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Energy Fund (Formerly NAFA Islamic Energy Fund) (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on March 28, 2016 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended "Shariah compliant equity scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009.

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of Shari'ah compliant energy sector equity instruments. The investment objectives and policies are explained in the Fund's Offering Document.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of AM1 as at December 24, 2019 to the Management Company. The Fund has not yet been rated.

The title to the assets of the Fund is held in the name of CDC as the 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 with 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.

- 2.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

2.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2019.

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

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

3.2 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments 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. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the audited annual financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2019.

3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore, have not been stated in these condensed interim financial statements.

3.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following amendments to the published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Standards, amendments and interpretations	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

3.4.1 There are certain other standards, interpretations and amendments that are mandatory for the Fund's accounting period beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

NBP ISLAMIC ENERGY FUND (FORMERLY ; NAFA ISLAMIC ENERGY FUND)



	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- Rupees in 000 -----			
4 BANK BALANCES			
Savings accounts	4.1	46,235	27,028
Current accounts		4,680	6,760
		<u>50,915</u>	<u>33,788</u>

4.1 These include balances of Rs. 43.31 million (June 30, 2019: Rs. 23.088 million) maintained with BankIslami Pakistan Limited (a related party), that carry profit at the rates ranging from 13% to 13.35% (June 30, 2019: 13.5%) per annum. Other savings accounts of the Fund carry profit rates ranging from 12.25% to 13.35% (June 30, 2019: 10% to 11.5%) per annum.

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- Rupees in 000 -----			
5 INVESTMENTS			
Investments 'at fair value through profit or loss'			
Listed equity securities	5.1	<u>614,858</u>	<u>623,324</u>

5.1 Listed equity securities

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

Name of the investee company	Number of shares					Market value	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
	As at July 1, 2019	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2019		Total market value of investments	Net assets of the Fund	
Rupees in 000 ----- % -----									
REFINERY									
Attock Refinery Limited	-	94,500	-	50,000	44,500	4,970	0.81	0.77	0.04
National Refinery Limited	32,700	-	-	-	32,700	4,613	0.75	0.71	0.04
						9,583	1.56	1.48	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	96,415	6,400	9,119	36,960	74,974	98,223	15.97	15.14	0.06
Oil & Gas Development Company Limited	962,400	204,000	-	609,400	557,000	79,272	12.89	12.22	0.01
Pakistan Oilfields Limited	167,040	143,500	-	114,900	195,640	87,396	14.21	13.47	0.07
Pakistan Petroleum Limited	725,030	407,500	97,766	512,400	717,896	98,452	16.01	15.18	0.03
						363,343	59.08	56.01	
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Limited	87,800	-	-	47,200	40,600	15,014	2.44	2.31	0.04
Hascol Petroleum Limited	59,257	-	-	59,257	-	-	-	-	-
Hi-Tech Lubricants Limited	323,700	400,500	-	-	724,200	22,552	3.67	3.48	0.62
Pakistan State Oil Company Limited	221,024	51,500	32,465	155,000	149,989	28,744	4.67	4.43	0.03
Shell Pakistan Limited	36,600	-	-	36,600	-	-	-	-	-
Sui Northern Gas Pipelines Limited	537,200	484,000	-	264,000	757,200	57,676	9.38	8.89	0.12
						123,986	20.16	19.11	
POWER GENERATION & DISTRIBUTION									
K-Electric Limited	2,552,500	3,280,000	-	2,512,000	3,320,500	14,511	2.36	2.24	0.01
Nishat Power Limited	122,000	-	-	51,000	71,000	1,935	0.31	0.30	0.02
Lalpir Power Limited	732,500	-	-	-	732,500	10,629	1.73	1.64	0.19
Hub Power Company Limited	1,006,943	438,000	-	471,500	973,443	90,871	14.80	14.01	0.08
						117,946	19.20	18.19	
Total as at December 31, 2019						<u>614,858</u>	<u>100.00</u>	<u>94.79</u>	
Carrying value as at December 31, 2019						<u>535,391</u>			
Market value as at June 30, 2019						<u>623,324</u>			
Carrying value as at June 30, 2019						<u>775,459</u>			

- 5.2 Investments include shares with market value amounting to Rs 70.263 million (June 30, 2019: Rs 64.563 million) which have been pledged with National Clearing Company of Pakistan Limited as collateral against margin.

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
-----Rupees in 000-----			
5.3 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss			
Market value of securities	5.1	614,858	623,324
Less: carrying value of securities		<u>(535,391)</u>	<u>(775,459)</u>
		<u>79,467</u>	<u>(152,135)</u>

- 5.4 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including the bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Honourable Supreme Court of Pakistan (HSC) passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. During the period, the CISs have filed a fresh constitutional petition vide CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares, issued to the Funds in lieu of their investments, be created in the meantime. The matter is still pending adjudication and the Fund has included these shares in its portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2019, the following bonus shares of the Fund have been withheld by a company at the time of declaration of bonus shares. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Name of the company	December 31, 2019		June 30, 2019	
	Bonus Shares		Bonus Shares	
	Number	Market value Rupees in 000	Number	Market value Rupees in 000
Pakistan State Oil Company Limited	4,805	<u>921</u>	3,336	<u>566</u>

NBP ISLAMIC ENERGY FUND (FORMERLY ; NAFA ISLAMIC ENERGY FUND)



	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
6 PROFIT RECEIVABLE		-----Rupees in 000-----	
Profit receivable on bank balances	6.1	456	421
6.1	This includes an amount of Rs 0.26 million (June 30, 2019: Rs 0.41 million) as profit receivable from BankIslami Pakistan Limited (a related party).		
		(Un-audited) December 31, 2019	(Audited) June 30, 2019
7 PRELIMINARY EXPENSES AND FLOATATION COSTS		-----Rupees in 000-----	
At the beginning of the period / year		830	1,285
Less: amortisation during the period / year		(230)	(455)
At the end of the period / year		600	830
8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposits with:			
- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		100	100
Advance tax		3,004	3,004
Prepaid listing fee		14	-
		5,618	5,604
	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
9 PAYABLE TO NBP FUND MANAGEMENT LIMITED MANAGEMENT COMPANY		----- Rupees in 000 -----	
Management remuneration payable	9.1	796	1,165
Sindh Sales Tax payable on remuneration of the Management Company		104	151
Federal excise duty payable on remuneration of the Management Company	9.2	583	583
Allocated expenses payable	9.3	146	462
Selling and marketing expenses	9.4	1,730	1,849
Sales load and transfer load payable		434	278
Federal excise duty payable on sales load		1,557	1,557
Sindh sales tax payable on sales load		70	49
Others		16	16
		5,436	6,110
9.1	The Management Company has charged its remuneration at the rate of 2% per annum of the average annual net assets from July 1, 2019 to July 11, 2019 and at the rate of 1.5% per annum of the average annual net assets from July 12, 2019 to December 31, 2019 (June 30, 2019: 2% per annum of the average annual net assets). The remuneration is payable to the Management Company monthly in arrears.		

- 9.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (HSC) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.14 million (June 30, 2019: Rs 2.14 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2019 would have been higher by Re 0.0350 (June 30, 2019: Re 0.0294) per unit.

- 9.3** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%.

Accordingly, the Management Company based on its own discretion has currently fixed a maximum capping of 0.1% per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund.

- 9.4** The SECP had allowed an asset management company to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

During the period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% has been removed and now an asset management company is required to set a maximum limit for charging of such expenses to the Fund and the same should be approved by the Board of Directors of the management company as part of an annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company based on its own discretion has charged selling and marketing expenses at the rate of 0.4% from July 1, 2019 to July 11, 2019. Thereafter the selling and marketing expenses have been charged at the rate of 1.15% per annum of the average annual net assets from July 12, 2019 to December 16, 2019 and at the rate of 1.35% per annum of the average annual net assets from December 17, 2019 to December 31, 2019 (June 30, 2019: 0.4% per annum of the average annual net assets). This has been duly approved by the Board of Directors of the Management Company.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
			----- Rupees in 000 -----	
	Trustee remuneration payable	10.1	106	117
	Sindh sales tax payable on remuneration of the Trustee		14	15
			<u>120</u>	<u>132</u>

10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs 1,000 million 0.20% p.a. of net assets
- on an amount exceeding Rs 1,000 million Rs 2.0 million plus 0.10% p.a. of net assets, on amount exceeding Rs 1 billion.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
			----- Rupees in 000 -----	
	Annual fee payable	11.1	56	1,132

11.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee (applicable to all categories of CISs) to 0.02% per annum of the average annual net assets of the Fund. Previously, the rate of annual fee applicable to equity funds was 0.095% per annum of the average annual net assets. Accordingly, the Fund has charged SECP fee at the rate of 0.02% per annum of the average annual net assets during the current period.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
			----- Rupees in 000 -----	
	Auditors' remuneration payable		302	462
	Provision against Sindh Workers' Welfare Fund	12.1	15,528	14,051
	Legal and professional charges payable		36	17
	Bank charges payable		89	78
	Settlement charges payable		66	68
	Withholding tax payable		31	19
	Charity payable	12.2	1,314	2,101
	Capital gain tax payable		81	-
	Brokerage payable		447	-
	Printing charges payable		47	111
	Shari'ah advisor fee payable		259	211
	Other payables		-	222
			<u>18,200</u>	<u>17,340</u>

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund for the period from May 21, 2015 to December 31, 2019 the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 0.2538 per unit (June 30, 2019: Re 0.1930 per unit).

- 12.2** According to the instructions of the Shari'ah advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the current period, non Shari'ah compliant income amounting to Rs 0.339 million (June 30, 2019: Rs 0.438 million) was charged in the books of the Fund. This will be distributed as charity after the approval of the Shari'ah advisor. The dividend income is recorded net of charity portion.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2019 and June 30, 2019.

14 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% net accounting income other than capital gains to the unit holders. 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. Since the Management Company intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these condensed interim financial statements.

15 NET ASSET VALUE PER UNIT

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

16 EARNINGS / (LOSS) PER UNIT

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

17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended December 31, 2019 is 4.38% (June 30, 2019: 3.34%) which includes 0.77% (June 30, 2019: 0.38%) representing government levies on the Fund such as provision against Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations.

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, Funds under management of the Management Company, directors and key management personnel of the Management Company and other associated companies. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.
- 18.2** Transactions with related parties / connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to related parties / connected persons. The transactions with related parties / connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.
- 18.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the Trust Deed and Offering Document.
- 18.4** Details of transactions with related parties / connected persons during the period are as follows:

	(Un-audited) Half year ended December 31,	
	2019	2018
	----- Rupees in 000 -----	
NBP Fund Management Limited - the Management Company		
Remuneration of the Management Company	4,288	14,575
Sindh sales tax on remuneration of the Management Company	557	1,895
Sales load	20	152
Allocated expenses	279	729
Selling and marketing expenses	3,114	2,915
Units issued - Nil units (December 31, 2018: 1,118,409 units)	-	13,526
Units redeemed - Nil units (December 31, 2018: 5,511,839 units)	-	66,902
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	558	1,233
Sindh sales tax on remuneration of the Trustee	73	160
Settlement charges	10	35
Employees of the Management Company		
Units issued - 4,982,789 units (December 31, 2018: 400,894 units)	50,687	4,768
Units redeemed - 3,145,162 units (December 31, 2018: 718,896 units)	30,674	8,592
Bank Islami Pakistan Limited		
Profit on bank balances	1,667	4,765
Taurus Securities Limited		
Brokerage expense	55	103
Gul Ahmed Textiles Mills Limited Employees Provident Fund Trust		
Units issued - Nil units (December 31, 2018: 1,127,088 units)	-	14,000
Units redeemed - Nil units (December 31, 2018: 1,127,088 units)	-	14,016
Portfolio managed by the Management Company		
Units issued - Nil units (December 31, 2018: 19,277 units)	-	227
National Clearing Company of Pakistan Limited		
NCCPL charges	155	144
Pakistan Stock Exchange Limited*		
Listing fee paid	25	-

NBP ISLAMIC ENERGY FUND (FORMERLY ; NAFA ISLAMIC ENERGY FUND)



18.5 Amounts / balances outstanding as at period / year end are as follows

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in 000 -----	
NBP Fund Management Limited - the Management Company		
Management remuneration payable	796	1,165
Sindh Sales Tax payable on remuneration of the Management Company	104	151
Federal excise duty payable on remuneration of the Management Company	583	583
Allocated expenses payable	146	462
Selling and marketing expenses	1,730	1,849
Sales load and transfer load payable	434	278
Federal excise duty payable on sales load	1,557	1,557
Sindh sales tax payable on sales load	70	49
Others	16	16
Employees of the Management Company		
Units held - 1,896,515 units (June 30, 2019: 58,888 units)	20,108	539
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	106	117
Sindh Sales Tax payable on the remuneration of trustee	14	15
Security deposit	100	100
Settlement charges payable	10	15
Summit Bank Limited**		
Bank balances	-	1,901
Bank Islami Pakistan Limited		
Bank Balances	43,310	23,088
Profit receivable	260	410
Portfolio managed by the Management Company		
Units held 2,464,328 units (June 30, 2019: 2,464,328 units)	26,129	22,547
National Clearing Company of Pakistan Limited		
NCCPL charges payable	56	53
Security deposit	2,500	2,500

* Prior period figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2019.

** Current period figure has not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2019.

19 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

19.1 Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

----- Un-audited -----			
----- As at December 31, 2019 -----			
Level 1	Level 2	Level 3	Total
----- Rupees in 000 -----			

ASSETS

Investments - financial assets 'at fair value through profit or loss'
- Listed equity securities

614,858	-	-	614,858
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----- Audited -----			
----- As at June 30, 2019 -----			
Level 1	Level 2	Level 3	Total
----- Rupees in 000 -----			

ASSETS

Investments - financial assets 'at fair value through profit or loss'
- Listed equity securities

623,324	-	-	623,324
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20 GENERAL

20.1 Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees.

20.2 No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

21 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 27, 2020.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

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