


## MISSION STATEMENT



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

# NAFA RIBA FREE SAVINGS FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Mr. Amir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Asif A. Brohi	Director
Dr. Anjad Waheed	Chief Executive Officer

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Patrick Pang Chin Hwang	Chairman
Mr. Shehryar Faruque	Member
Mr. Amir Shehzad	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  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dawood Islamic Bank Limited  
Dubai Islamic Bank Limited  
Emirates Global Islamic Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Soneri Bank Limited  
United Bank Limited

# NAFA RIBA FREE SAVINGS FUND

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

House # 10 - A, Block -S, Gulberg - II, Lahore.  
UAN: (+92-42) 111-111-NFA (632)  
Fax No: (+92-42) 35760373

## **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:**

NBP Corporate Branch  
3rd Floor, Park Lane Tower, Near Shahjahan Banquet Hall,  
Officers Colony, Khanewal Road. Multan.  
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Fax: 92-061-6214062  
UAN: 92-061-111-111-632

# NAFA RIBA FREE SAVINGS FUND

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# NAFA RIBA FREE SAVINGS FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited (reviewed) financial statements of NAFA Riba Free Savings Fund (NRFSF) for the half year ended December 31, 2011.

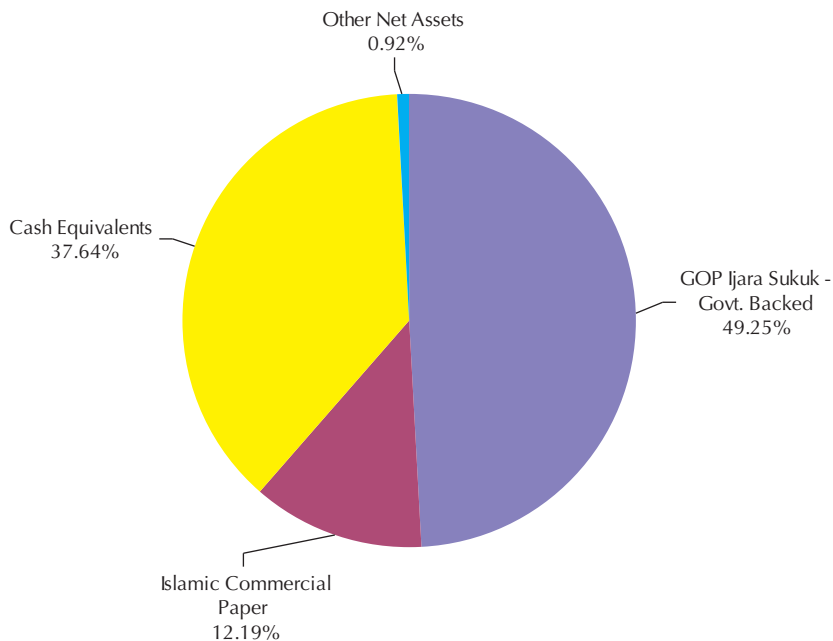
### Fund's Performance

The size of NAFA Riba Free Savings Fund has increased from Rs. 377 million to Rs. 636 million during the period, i.e. a growth of 68.70%. During the period, the unit price of the Fund has increased from Rs. 9.6590 (Ex - Div) on June 30, 2011 to Rs. 10.2260 on December 31, 2011, thus showing an annualized return of 11.98% as compared to its Benchmark (Average 6-Month Deposit Rate of A- and above rated Islamic banks) annualized return of 8.39% for the same period.

NRFSF is an Islamic Income Scheme that invests only in Shariah compliant avenues. The Fund has been awarded a stability rating of AA-(f) by PACRA which denotes a very strong capacity to maintain stability in returns and low exposure to risks. The Fund is not authorized to invest in corporate Sukuks and the Stock Market. The Fund's major asset class is Government of Pakistan (GoP) Ijara Sukuks. GoP Ijara Sukuks are floating rate Shariah compliant securities with three years life at the time of issuance and six monthly coupon resets, hence an average duration of three months. This minimizes the pricing risk.

The management is announcing monthly dividends since July 2011 and intends to continue this policy in the future as well.

The Fund has earned total income of Rs.31.81 million during the period. After deducting expenses of Rs.4.6 million, the net income is Rs.27.21 million. The asset allocation of the Fund as on December 31, 2011 is as follows:



# NAFA RIBA FREE SAVINGS FUND

## Income Distribution

The Board of Directors of the Management Company has ratified interim monthly distribution of 5.08% of opening ex-NAV (5.119% of par value) for the period.

## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 17, 2012  
Place: Karachi.

# NAFA RIBA FREE SAVINGS FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS

### NAFA RIBA FREE SAVINGS FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Riba Free Savings Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 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.

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 28, 2012

# NAFA RIBA FREE SAVINGS FUND

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNITHOLDERS

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Riba Free Saving Fund** as at December 31, 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2011. The Management Company (NBP Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.  
Chartered Accountants

Dated: February 28, 2012

Karachi



# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2011

	Note	Un-Audited December 31, 2011	Audited June 30, 2011
<b>ASSETS</b>			
Balances with banks		239,247	103,591
Investments	4	390,517	265,538
Prepayments		15	-
Profit receivable		8,605	9,824
Preliminary expenses and floatation costs		732	833
<b>Total assets</b>		<b>639,116</b>	<b>379,786</b>
<b>LIABILITIES</b>			
Payable to the Management Company		1,794	1,535
Payable to the Trustee		83	51
Payable to Securities and Exchange Commission of Pakistan		181	158
Payable against redemption of units		-	321
Accrued expenses and other liabilities		1,503	943
<b>Total liabilities</b>		<b>3,561</b>	<b>3,008</b>
<b>NET ASSETS</b>		<b>635,555</b>	<b>376,778</b>
<b>Unit holders' fund (As per statement attached)</b>		<b>635,555</b>	<b>376,778</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-----Number of units-----	
<b>Number of units in issue</b>		<b>62,151,162</b>	<b>36,305,724</b>
		-----Rupees-----	
<b>Net asset value per unit</b>	3.4	<b>10.2260</b>	<b>10.3779</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Note	Half year	For the	Quarter	Quarter
		ended December 31, 2011	period from July 30, 2010 to December 31, 2010	ended December 31, 2011	ended December 31, 2010
----- Rupees in '000 -----					
<b>INCOME</b>					
Profit on bank deposits		9,546	7,419	6,133	5,834
Gain on sale of investments - net		2,498	-	2,255	-
Income on GOP Ijara Sukuks		19,508	-	10,064	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		254	-	(453)	-
<b>Total income</b>		<b>31,806</b>	<b>7,419</b>	<b>17,999</b>	<b>5,834</b>
<b>EXPENSES</b>					
Remuneration of the Management Company		2,408	680	1,381	484
Sindh sales tax on remuneration of the Management Company	7	386	-	222	-
Remuneration of the Trustee		409	255	234	176
Annual fee - Securities and Exchange Commission of Pakistan		181	48	104	38
Annual listing fee		15	9	10	6
Securities transaction cost		46	-	45	-
Bank charges		102	76	57	59
Auditors' remuneration		250	218	126	159
Fund rating fee		83	85	40	59
Printing and related costs		63	156	17	92
Amortisation of preliminary expenses and floatation costs		101	73	50	50
Other expenses		1	-	1	-
<b>Total expenses</b>		<b>4,045</b>	<b>1,600</b>	<b>2,287</b>	<b>1,123</b>
<b>Net income from operating activities</b>		<b>27,761</b>	<b>5,819</b>	<b>15,712</b>	<b>4,711</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		-	2,359	-	2,239
Provision for workers' welfare fund		(555)	(164)	(314)	(139)
<b>Net income for the period before taxation</b>		<b>27,206</b>	<b>8,014</b>	<b>15,398</b>	<b>6,811</b>
Taxation	8	-	-	-	-
<b>Net income for the period after taxation</b>		<b>27,206</b>	<b>8,014</b>	<b>15,398</b>	<b>6,811</b>
<b>Earnings per unit</b>	3.5				

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	For the period from July 30, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
	----- Rupees in '000 -----			
Net income for the period after taxation	27,206	8,014	15,398	6,811
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>27,206</u>	<u>8,014</u>	<u>15,398</u>	<u>6,811</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	For the period from July 30, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
Note				
----- Rupees in '000 -----				
<b>Undistributed income brought forward</b>	13,491	-	4,875	1,203
Final distribution for the period from July 30, 2010 to ended June 30, 2011: 3.00% (Date of distribution: July 04, 2011)				
- Bonus units	(10,877)	-	-	-
Net income for the period after taxation	27,206	8,014	15,398	6,811
Interim distributions during the half year and quarter ended December 31, 2011				
- Bonus units	9 (20,200)	-	(13,011)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	2,180	-	4,538	-
<b>Undistributed income carried forward</b>	<u>11,800</u>	<u>8,014</u>	<u>11,800</u>	<u>8,014</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Note	Half year	For the	Quarter	Quarter
	ended December 31, 2011	period from July 30, 2010 to December 31, 2010	ended December 31, 2011	ended December 31, 2010
----- Rupees in '000 -----				
<b>Net assets at the beginning of the period</b>	376,778	-	494,672	127,605
Issue of 42,247,339 units including 3,073,616 bonus units (2010: 25,614,408 units)	398,296	258,767	225,983	129,991
Redemption of 16,401,901 units (2010:1,312,630 units)	(166,725)	(13,390)	(100,498)	(11,136)
	231,571	245,377	125,485	118,855
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(2,180)	(2,359)	(4,538)	(2,239)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	254	-	(453)	-
Capital gain on sale of investments	2,498	-	2,255	-
Other operating income	24,454	8,014	13,596	6,811
<b>Net income for the period</b>	27,206	8,014	15,398	6,811
<b>Final distribution</b>				
Issue of bonus units for the period ended July 30, 2010 to June 30, 2011	10,877	-	-	-
Interim distributions				
Issue of bonus units during the half year and quarter ended December 31, 2011	9 20,200	-	13,011	-
<b>Less: Distributions made during the period</b>				
Final distribution for the year ended June 30, 2011: 3.00% - Bonus distribution (Date of distribution : July 04, 2011)	(10,877)	-	-	-
Interim distributions during the half year and quarter ended December 31, 2011 - Bonus units	9 (20,200)	-	(13,011)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	2,180	-	4,538	-
<b>Net assets as at the end of the period</b>	<u>635,555</u>	<u>251,032</u>	<u>635,555</u>	<u>251,032</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	For the period from July 30, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
----- Rupees in '000 -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	27,206	8,014	15,398	6,811
<b>Adjustments</b>				
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(254)	-	453	-
Gain on sale of investments - net	(2,498)	-	(2,255)	-
Amortisation of preliminary expenses and floatation costs	101	73	50	50
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	(2,359)	-	(2,239)
	<u>24,555</u>	<u>5,728</u>	<u>13,646</u>	<u>4,622</u>
<b>(Increase) / decrease in assets</b>				
Investments - net	(122,227)	-	(108,975)	-
Advances, deposits, prepayments and other receivables	(15)	-	26	-
Preliminary expenses and floatation costs	-	(1,006)	-	-
Profit receivable	1,219	(5,894)	641	(4,309)
	<u>(121,023)</u>	<u>(6,900)</u>	<u>(108,308)</u>	<u>(4,309)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	259	1,126	214	(115)
Payable to the Trustee	32	60	23	2
Payable to Securities and Exchange Commission of Pakistan	23	48	104	38
Accrued expenses and other liabilities	560	661	99	473
	<u>874</u>	<u>1,895</u>	<u>440</u>	<u>398</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(95,594)</u>	<u>723</u>	<u>(94,222)</u>	<u>711</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	398,296	258,767	225,983	129,991
Payment on redemption of units	(167,046)	(13,390)	(105,005)	(11,136)
Distribution paid	-	-	-	-
<b>Net cash generated from financing activities</b>	<u>231,250</u>	<u>245,377</u>	<u>120,978</u>	<u>118,855</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>135,656</u>	<u>246,100</u>	<u>26,756</u>	<u>119,566</u>
Cash and cash equivalents at the beginning of the period	103,591	-	212,491	126,534
<b>Cash and cash equivalents at end of the period</b>	<u>239,247</u>	<u>246,100</u>	<u>239,247</u>	<u>246,100</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Riba Free Savings Fund (NRFSS / the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) 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.

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 SECP. The registered office of the Management Company is situated at 9th Floor, Adamjee House, I.I Chundrigar Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange. The Fund is categorized as an Open-End Islamic "Income Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

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 has assigned an asset manager rating of AM2- (Positive outlook) to the Management Company and a stability rating of AA-(f) to the Fund.

Title of 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

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of International Accounting Standard (IAS) 34: 'Interim Financial Reporting', the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the 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 IAS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2011.

2.3 This condensed interim financial information is unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance. Accordingly, the Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2011.

# NAFA RIBA FREE SAVINGS FUND

## 3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was a part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The management is in the process of assessing the impact of this amendment on the Fund's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

## 3.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

## 3.3 During the current period, the Fund has revised its methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned during the period and on unrealised appreciation / (diminution) arising during the period on available for sale securities. The amount so determined is taken directly to the distribution statement. Previously, the element was calculated based on cumulative values of undistributed income and unrealised gain / loss on available for sale securities present in the net asset value of units. The element which related to income earned during the period was recognised in the income statement while the remaining amount was recognised in the distribution statement.

The revised methodology, in the opinion of the management, reflects a more appropriate manner for determination of element. The change in the presentation of element in the financial statements has been based on the recommendation of the Institute of Chartered Accountants of Pakistan (ICAP) to the Securities and Exchange Commission of Pakistan (SECP). As per ICAP's recommendation to the SECP, element of income, being in the nature of "equalization account" does not qualify for recognition either as expense or income as per International Financial Reporting Standards (IFRSs). Therefore, in order to enhance harmonization of mutual fund accounting with the primary accounting framework, the net balance of element of income at the end of the reporting period has been recognised directly in the distribution statement.

The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology:

- Income for the period would have been higher by Rs 2.180 million; and
- amount taken to distribution statement would have been higher by Rs 0.167 million.



# NAFA RIBA FREE SAVINGS FUND

## 3.4 Net Asset Value per unit

The net asset value (NAV) per unit, as disclosed on the 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.

## 3.5 Earnings / (loss) per unit

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

Note	(Un-Audited) December 31, 2011	(Audited) June 30, 2011
	Rupees in '000	

## 4 INVESTMENTS

### At fair value through profit or loss - held for trading

Government of Pakistan Ijara Sukuks  
Sukuks

4.1	313,017	265,538
4.2	<u>77,500</u>	<u>-</u>
	<u>390,517</u>	<u>265,538</u>

### 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 December 31, 2011	Investment as a percentage of		
		As at July 01, 2011	Purchases during the period	Sale during the period	As at December 31, 2011		Net assets	Market value of total investments	Issue size
						Rupees in '000	-----%-----		
GOP Ijara Sukuk V	November 15, 2010	350	500	-	850	85,465	13.45%	21.89%	0.16%
GOP Ijara Sukuk VI	December 20, 2010	330	-	-	330	33,415	5.26%	8.56%	0.06%
GOP Ijara Sukuk VII	March 07, 2011	1,230	-	1,000	230	23,284	3.66%	5.96%	0.04%
GOP Ijara Sukuk VIII	May 16, 2011	740	810	300	1,250	125,853	19.80%	32.23%	0.24%
GOP Ijara Sukuk IX	December 26, 2011	-	450	-	450	45,000	7.08%	11.52%	0.09%
						<u>313,017</u>			
Carrying Value as at December 31, 2011						312,763			
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>254</u>			
Total as at June 30, 2011						<u>265,538</u>			

### 4.2 Unlisted Sukuks - at fair value through profit or loss \*

Name of the investee company	Issue Date	Number of Certificates				Market value as at December 31, 2011	Investment as a percentage of		
		As at July 01, 2011	Purchases during the period	Sale during the period	As at December 31, 2011		Net assets	Market value of total investments	Issue size
						Rupees in '000	-----%-----		
HUBCO - Sukuk		-	7,500	-	7,500	37,500	5.90%	9.60%	
KAPCO - Sukuk		-	8,000	-	8,000	40,000	6.29%	10.24%	
						<u>77,500</u>			
Carrying Value as at December 31, 2011						<u>77,500</u>			

\*All Sukuks have a face value of Rs 5,000 each

# NAFA RIBA FREE SAVINGS FUND

## 5 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh ("the Court", "SHC"), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs 1.099 million (including Rs 0.544 million pertaining to the period from July 30, 2010 to June 30, 2011) in this condensed interim financial information.

## 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2011 and June 30, 2011.

## 7 SINDH SALES TAX ON REMUNERATION OF THE MANAGEMENT COMPANY

During the current period the provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

## 8 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 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the Management Company, on behalf of the Fund, intends to distribute at least 90 percent of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 9 INTERIM DISTRIBUTIONS

The Fund makes distribution on a monthly basis and has made following distributions during the period.

Date of distribution	Rate Per Unit	Bonus	
		Units	Amount
		(Rupees in '000)	
August 02, 2011	Re 0.0877	338,651	3,422
September 06, 2011	Re 0.0907	372,318	3,767
October 03, 2011	Re 0.0796	381,109	3,857
November 02, 2011	Re 0.0927	467,474	4,728
December 02, 2011	Re 0.0806	437,112	4,426
		<b>1,996,664</b>	<b>20,200</b>

# NAFA RIBA FREE SAVINGS FUND

As per clause 11 of the Trust Deed and clause 5 of the Offering Document, the Management Company on behalf of the Fund on a monthly basis (except June) distributes cash dividend, bonus, partially cash / bonus or in any other form acceptable to the Commission (such as bonus units) that may qualify under the tax laws. Net income (after deducting all the expenses of the Fund) earned upto 30th of each month may be distributed by the Management Company. The Board of Directors on April 19, 2011 have passed a resolution providing standing authorisation to the Chief Executive Officer to approve and declare interim dividends out of profits earned by the Fund upto the 30th of each month.

## 10 TRANSACTIONS WITH CONNECTED PERSONS

- 10.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan 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.
- 10.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 10.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

----- (Un-Audited) -----				
	Half year ended December 31, 2011	For the period from July 30, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2011
----- Rupees in '000 -----				

### 10.5 Transactions during the period

#### NBP Fullerton Asset Management Limited - Management Company

Management fee expense for the period	2,408	680	1,381	484
Sindh sales tax on remuneration of the Management Company	386	-	222	-
Bonus units issued (386,679 units; 2010: Nil units)	-	-	-	-
Units issued / transferred in (Nil units; 2010:5,009,988 units)	-	50,100	-	-
Units redeemed / transferred out (274,849 units; 2010: Nil units)	2,800	-	2,800	-

#### Alexandra Fund Management Pte. Limited - Sponsor

Bonus units issued (919,556 units; 2010: Nil units)	-	-	-	-
Units issued / transferred in (Nil units; 2010: 12,852,511 units)	-	129,849	-	79,949
Units redeemed / transferred out (4,916,082 units; 2010: Nil units)	50,000	-	50,000	-

#### Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period	409	255	234	176
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#### Employees of the Management Company

Bonus units issued (7,570 units; 2010: Nil units)	-	-	-	-
Units issued / transferred in (292,882 units; 2010: 104,463 units)	2,979	1,055	1,018	550
Units redeemed / transferred out (230,119 units; 2010: Nil units)	2,338	-	1,903	-

# NAFA RIBA FREE SAVINGS FUND

	(Un-Audited) December 31, 2011	(Audited) June 30, 2011
	----- Rupees in '000 -----	
<b>10.6 Balances outstanding as at period / year end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee payable	490	299
Sindh sales tax payable on remuneration of the Management Company	78	-
Preliminary expenses and floatation costs	1,006	1,006
Listing fee	20	20
Rating fee	200	200
Others	-	10
Investment held in the Fund (5,370,911 units; June 30, 2011: 5,259,081 units)	54,923	54,578
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	83	51
<b>National Bank of Pakistan</b>		
Balance in current account	3,810	1,050
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held in the Fund (9,495,002 units; June 30, 2011: 13,491,529 units)	97,096	140,014
<b>Employees of the Management Company</b>		
Investment held in the Fund (121,725 units; June 30, 2011: 51,392 units)	1,245	533

## 11 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on February 17, 2012 has ratified an interim monthly distribution at the rate of 0.806%. The financial information of the Fund for the half year and quarter ended December 31, 2011 does not include the effect of this distribution which will be accounted for in the financial information of the Fund for the quarter ending March 31, 2012.

## 12 DATE OF AUTHORISATION FOR

The financial information was authorized for issue by the Board of Directors of the Management Company on February 17, 2012.

## 13 GENERAL

13.1 Figures have been rounded off to the nearest thousand Rupees.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director