


## 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. Koh Boon San	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Asif A. Brohi	Director
Dr. Amjad Waheed	Chief Executive Officer

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Koh Boon San	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 Shakra-e-Faisal, Karachi.

### Bankers to the Fund

Al-Baraka Islamic Bank Limited  
Askari Bank Limited  
Allied Bank Ltd  
Bank Al Habib Ltd  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Burj 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  
The Bank of Khyber  
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:**

7<sup>th</sup> Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111-NFA (111-111-632)  
Helpline (Toll Free): 0800-20001  
Fax: (021) 35825329

## **Lahore Office:**

7-Noon Avenue, Canal Bank,  
Muslim Town Lahore.  
Contact: 042-35914272

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

# 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 reviewed financial statements of NAFA Riba Free Savings Fund for the half year ended December 31, 2012.

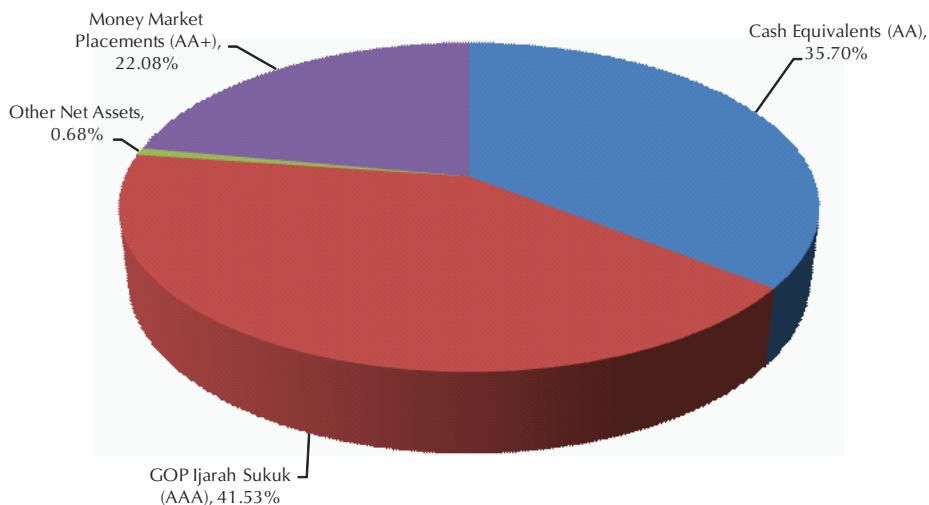
### Fund's Performance

The Fund size of NAFA Riba Free Savings Fund depicted a very healthy growth from Rs. 872 million to Rs. 1,304 million during the period, i.e. equivalent to 49.54%. During the period, the unit price of the Fund has increased from Rs. 9.6359 (Ex - Div) on June 30, 2012 to Rs. 10.0821 on December 31, 2012, thus showing an annualized return of 9.19% as compared to its Benchmark (Average 6-Month Deposit Rate of A- and above rated Islamic banks) return of 7.57%.

NRFSF is an Islamic Income Scheme. However, the Fund is not authorized to invest in Islamic corporate debt securities. Further, the Fund cannot invest in Islamic money market instruments/ securities which have more than six months maturity or below AA- rating. The Fund is categorized as an Income Scheme. The Fund has been awarded a stability rating of AA-(f) by PACRA which denotes a very strong capacity to manage risk and generate relatively stable return.

The Fund's major asset class is Government of Pakistan (GoP) Ijara Sukuks. GoP Ijara Sukuks coupon rates are reset every six 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.59.07 million during the period. After deducting expenses of Rs.10.94 million, the net income is Rs.48.13 million. The asset allocation of the Fund as on December 31, 2012 is as follows:



# NAFA RIBA FREE SAVINGS FUND

## Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 4.46% of opening ex-NAV (4.495% of the par value) during 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 26, 2013  
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, 2012 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, 2013

# 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 Savings Fund** as at December 31, 2012 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, 2012. 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, 2012 and December 31, 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

### *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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants  
Dated: February 28, 2013  
Karachi



# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2012

	Note	Un-Audited December 31, 2012	Audited June 30, 2012
----- Rupees in '000 -----			
<b>ASSETS</b>			
Balances with banks		465,631	249,205
Investments	4	829,599	615,882
Prepayments and other receivables		220	200
Profit receivable		15,482	13,637
Preliminary expenses and floatation costs		531	632
<b>Total assets</b>		1,311,463	879,556
<b>LIABILITIES</b>			
Payable to the Management Company		1,833	1,041
Payable to Central Depository Company of Pakistan Limited - Trustee		160	122
Payable to Securities and Exchange Commission of Pakistan		406	485
Payable against redemption of units		806	2,835
Accrued expenses and other liabilities		4,138	3,068
<b>Total liabilities</b>		7,343	7,551
<b>NET ASSETS</b>		<u>1,304,120</u>	<u>872,005</u>
<b>Unit holders' fund (As per statement attached)</b>		<u>1,304,120</u>	<u>872,005</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
-----Number of units-----			
<b>Number of units in issue</b>		<u>129,350,359</u>	<u>86,561,291</u>
-----Rupees-----			
<b>Net asset value per unit</b>		<u>10.0821</u>	<u>10.0738</u>

The annexed notes 1 to 11 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, 2012

	Half Year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Note -----Rupees in '000-----				
<b>INCOME</b>				
Profit on bank deposits	18,878	9,546	11,065	6,133
Gain on sale of investments - net	213	2,498	-	2,255
Income on GoP Ijarah Sukuks	39,398	19,508	19,865	10,064
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	580	254	-	(453)
<b>Total income</b>	<b>59,069</b>	<b>31,806</b>	<b>30,930</b>	<b>17,999</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	6,761	2,408	3,713	1,381
Sindh sales tax on remuneration of the Management Company	1,082	386	594	222
Remuneration of Central Depository Company of Pakistan Limited - Trustee	877	409	467	234
Annual fee - Securities and Exchange Commission of Pakistan	406	181	223	104
Annual listing fee	20	15	11	10
Securities transaction cost	51	46	47	45
Bank charges	216	102	133	57
Auditors' remuneration	292	250	162	126
Fund rating fee	100	83	45	40
Printing and related costs	33	63	4	17
Amortisation of preliminary expenses and floatation costs	101	101	50	50
Other expenses	15	1	3	1
<b>Total expenses</b>	<b>9,954</b>	<b>4,045</b>	<b>5,452</b>	<b>2,287</b>
<b>Net income from operating activities</b>	<b>49,115</b>	<b>27,761</b>	<b>25,478</b>	<b>15,712</b>
Provision for workers' welfare fund	5 (982)	(555)	(509)	(314)
<b>Net income for the period before taxation</b>	<b>48,133</b>	<b>27,206</b>	<b>24,969</b>	<b>15,398</b>
Taxation	7 -	-	-	-
<b>Net income for the period after taxation</b>	<b>48,133</b>	<b>27,206</b>	<b>24,969</b>	<b>15,398</b>

The annexed notes 1 to 11 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, 2012

	Half Year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	-----Rupees in '000-----			
Net income for the period after taxation	48,133	27,206	24,969	15,398
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>48,133</u>	<u>27,206</u>	<u>24,969</u>	<u>15,398</u>

The annexed notes 1 to 11 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, 2012

	Half Year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	-----Rupees in '000-----			
<b>Undistributed income brought forward</b>				
Realised income	3,676	13,293	2,027	4,168
Unrealised (loss) / income	(1,432)	198	580	707
	<u>2,244</u>	<u>13,491</u>	<u>2,607</u>	<u>4,875</u>
Net income for the period after taxation	48,133	27,206	24,969	15,398
Distributions during the half year and quarter ended December 31, 2012 and December 31, 2011 respectively				
- Bonus units	8 (47,981)	(31,077)	(24,427)	(13,011)
- Cash Distribution	(2)	-	(1)	-
Net element of income and capital gains included in prices of units issued less those in units redeemed	914	2,180	160	4,538
<b>Undistributed income carried forward</b>	<u>3,308</u>	<u>11,800</u>	<u>3,308</u>	<u>11,800</u>
<b>Undistributed income comprising:</b>				
Realised income	2,728	11,546	3,308	12,253
Unrealised income / (loss)	580	254	-	(453)
	<u>3,308</u>	<u>11,800</u>	<u>3,308</u>	<u>11,800</u>

The annexed notes 1 to 11 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, 2012

	Half Year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
-----Rupees in '000-----				
<b>Net assets at the beginning of the period</b>	872,005	376,778	1,120,142	494,672
Issue of 77,779,946 units including 4,764,047 bonus units. (2011: 42,247,339 units including 3,073,616 bonus units)	737,893	398,296	397,400	225,983
Redemption of 34,990,596 units (2011:16,401,901 units)	(353,909)	(166,725)	(238,390)	(100,498)
	383,984	231,571	159,010	125,485
Net element of income and capital gains included in prices of units issued less those in units redeemed	(914)	(2,180)	(160)	(4,538)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	580	254	-	(453)
Capital gain on sale of investments	213	2,498	-	2,255
Other operating income	47,340	24,454	24,969	13,596
<b>Net income for the period</b>	48,133	27,206	24,969	15,398
Issue of bonus units during the half year and quarter ended December 31, 2012 and December 31, 2011 respectively	47,981	31,077	24,427	13,011
<b>Less: Distributions made during the period</b>				
Distributions during the half year and quarter ended December 31, 2012 and December 31, 2011 respectively				
-Bonus units	(47,981)	(31,077)	(24,427)	(13,011)
-Cash Distribution	(2)	-	(1)	-
Net element of income and capital gains included in prices of units issued less those in units redeemed	914	2,180	160	4,538
<b>Net assets as at the end of the period</b>	<u>1,304,120</u>	<u>635,555</u>	<u>1,304,120</u>	<u>635,555</u>

The annexed notes 1 to 11 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, 2012

	Half Year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
-----Rupees in '000-----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	48,133	27,206	24,969	15,398
<b>Adjustments</b>				
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(580)	(254)	-	453
Gain on sale of investments - net	(213)	(2,498)	-	(2,255)
Amortisation of preliminary expenses and floatation costs	101	101	50	50
	<u>47,441</u>	<u>24,555</u>	<u>25,019</u>	<u>13,646</u>
<b>(Increase) / decrease in assets</b>				
Investments - net	(212,924)	(122,227)	(154,999)	(108,975)
Advances, deposits, prepayments and other receivables	(20)	(15)	(44)	26
Profit receivable	(1,845)	1,219	5,032	641
	<u>(214,789)</u>	<u>(121,023)</u>	<u>(150,011)</u>	<u>(108,308)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	792	259	570	214
Payable to the Trustee	38	32	17	23
Payable to Securities and Exchange Commission of Pakistan	(79)	23	223	104
Accrued expenses and other liabilities	1,070	560	1,074	99
	<u>1,821</u>	<u>874</u>	<u>1,884</u>	<u>440</u>
<b>Net cash used in operating activities</b>	<u>(165,527)</u>	<u>(95,594)</u>	<u>(123,108)</u>	<u>(94,222)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	737,893	398,296	397,400	225,983
Payment on redemption of units	(355,938)	(167,046)	(237,592)	(105,005)
Distribution paid	(2)	-	(2)	-
<b>Net cash generated from financing activities</b>	<u>381,953</u>	<u>231,250</u>	<u>159,806</u>	<u>120,978</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>216,426</u>	<u>135,656</u>	<u>36,698</u>	<u>26,756</u>
Cash and cash equivalents at the beginning of the period	249,205	103,591	428,933	212,491
<b>Cash and cash equivalents at end of the period</b>	<u><u>465,631</u></u>	<u><u>239,247</u></u>	<u><u>465,631</u></u>	<u><u>239,247</u></u>

The annexed notes 1 to 11 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, 2012

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Riba Free Savings Fund (NRFSF / the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) 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 the SECP. The principal office of the Management Company is situated at 7th Floor, Clifton Daimond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-end 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 Fund is categorised as an Open-End Islamic "Income Scheme" as per the criteria laid down by the SECP for categorisation 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 to the assets of the Fund is held in the name of CDC 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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "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 IFRSs the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2012.

This condensed interim financial information is unaudited. However, a review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

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 this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2012.

#### 2.2 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 accounting periods beginning on or after July 1, 2012:

# NAFA RIBA FREE SAVINGS FUND

Amendment to IFRS 7, 'Financial instruments': The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRSs financial statements to those that prepare financial statements in accordance with US GAAP. The adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain other new standards, amendments and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2012 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.

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

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or are not expected to have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2012.

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Fund for the year ended June 30, 2012.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2012.

	Note	(Un-Audited)	(Audited)
		December 31, 2012	June 30, 2012
Rupees in '000			
<b>4 INVESTMENTS</b>			
<b>At fair value through profit or loss - held for trading</b>			
Government of Pakistan Ijara Sukuks	4.1	541,599	443,962
Sukuks	4.2	<u>288,000</u>	<u>171,920</u>
		<u>829,599</u>	<u>615,882</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, 2012	Investment as a percentage of	
		As at July 01, 2012	Purchases during the period	Sale during the period	As at December 31, 2012		Net assets	Market value of total investments
Rupees in '000							-----%-----	
GoP Ijara Sukuk V	November 15, 2010	850	-	-	850	85,145	6.53%	10.26%
GoP Ijara Sukuk VI	December 20, 2010	180	-	-	180	18,032	1.38%	2.17%
GoP Ijara Sukuk VII	March 07, 2011	80	-	-	80	8,002	0.61%	0.96%
GoP Ijara Sukuk VIII	May 16, 2011	1,000	-	-	1,000	100,180	7.68%	12.08%
GoP Ijara Sukuk IX	December 26, 2011	1,567	150	-	1,717	172,059	13.19%	20.74%
GoP Ijara Sukuk X	March 02, 2012	250	150	-	400	40,016	3.07%	4.82%
GoP Ijara Sukuk XI	April 30, 2012	210	-	-	210	21,040	1.61%	2.54%
GoP Ijara Sukuk XII	June 28, 2012	300	350	150	500	50,125	3.84%	6.04%
GoP Ijara Sukuk XIII	September 18, 2012	-	470	-	470	47,000	3.60%	5.67%
						<u>541,599</u>		
Carrying Value as at December 31, 2012						<u>541,019</u>		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>580</u>		



# NAFA RIBA FREE SAVINGS FUND

## 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, 2012	Investment as a percentage of	
		As at July 01, 2012	Purchases during the period	Sale during the period	As at December 31, 2012		Net assets	Market value of total investments
						Rupees in '000	-----%	
Engro Fertilizer Limited	March 22, 2012	14,384	-	14,384	-	-	-	-
Hub Power Company Limited	February 03, 2012	20,000	-	20,000	-	-	-	-
Hub Power Company Limited	August 03, 2012	-	4,600	-	4,600	23,000	1.76%	2.77%
Hub Power Company Limited	August 16, 2012	-	22,000	-	22,000	110,000	8.43%	13.26%
Kot Addu Power Company Limited	December 11, 2012	-	27,000	-	27,000	135,000	10.35%	16.27%
Kot Addu Power Company Limited	December 28, 2012	-	4,000	-	4,000	20,000	1.53%	2.41%
						<u>288,000</u>		
						<u>288,000</u>		
Carrying Value as at December 31, 2012						<u>288,000</u>		

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

## 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 the light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the grounds that MUFAP is not an aggrieved party.

Subsequently, clarifications were 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. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF.

Further, a Constitutional Petition was filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustees and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honorable Court in this matter have concluded and the Honorable Court has reserved its decision.

Last year, 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, 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. 2.841 million (June 30, 2012: Rs. 1.859 million), including Rs. 0.982 million for the current period in this financial information. Had the same not been made the net asset value per unit would have been higher by Rs 0.022.

## 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2012.

## 7 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund intends to avail such exemption in the current and future periods. Accordingly, no provision has been made for current and deferred taxation in this condensed interim financial information.

# NAFA RIBA FREE SAVINGS FUND

## 8 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		Cash Distribution	Total
		Units	Amount		
----- (Rupees in '000) -----					
Unit declared on July 30, 2012	0.0826	753,302	7,586	-	7,586
Unit declared on August 28, 2012	0.0816	758,590	7,639	-	7,639
Unit declared on September 28, 2012	0.0756	827,184	8,329	1	8,330
Unit declared on October 30, 2012	0.0705	771,783	7,776	1	7,777
Unit declared on November 28, 2012	0.0705	817,765	8,236	-	8,236
Unit declared on December 28, 2012	0.0685	835,422	8,415	-	8,415
		<b>4,764,047</b>	<b>47,981</b>	<b>2</b>	<b>47,983</b>

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, 2012 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.

## 9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1 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.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 9.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

----- (Un-Audited) -----			
Half Year ended		Quarter ended	
December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
-----Rupees in '000-----			

### 9.5 Transactions during the period

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

Management remuneration for the period	6,761	2,408	3,713	1,381
Sindh sales tax on remuneration of the Management Company	1,082	386	594	222
Bonus units issued (195,372 units; 2011: 386,679 units)	-	-	-	-
Units redeemed / transferred out (1,202,006 units; 2011: 274,849 units)	12,200	2,800	-	2,800

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

Bonus units issued (458,564 units; 2011: Nil units)	-	-	-	-
Units redeemed / transferred out (Nil Units; 2011: 4,916,082 units)	-	50,000	-	50,000

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

Remuneration	877	409	467	234
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#### Employees of Management Company

Bonus units issued (7,186 units; 2011: 7,570 units)	-	-	-	-
Units issued / transferred in (323,958 units; 2011: 292,882 units)	3,277	2,979	2,747	1,018
Units redeemed / transferred out (314,959 units; 2011: 230,119 units)	3,187	2,338	1,878	1,903

#### Company Secretary / CFO

Bonus units issued (389 units; 2011: Nil units)	-	-	-	-
Units issued / transferred in (17,298 units; 2011: Nil units)	175	-	-	-
Units redeemed / transferred out (16,937 units; 2011: Nil units)	171	-	-	-

# NAFA RIBA FREE SAVINGS FUND

	(Un-Audited) December 31, 2012	(Audited) June 30, 2012
	----- Rupees in '000 -----	
<b>9.6 Balances outstanding as at period / year end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Remuneration payable	1,296	1,041
Sindh sales tax payable on remuneration of the Management Company	212	-
Sales load payable	325	
Investment held in the Fund (4,494,148 units; June 30, 2012: 5,500,782 units)	45,310	55,414
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	160	121
CDS settlement charges payable	34	1
Security deposit	100	100
<b>National Bank of Pakistan - Sponsor</b>		
Balance in current account	3,618	2,046
<b>Alexandra Fund Management Pte. Ltd. - Sponsor</b>		
Investment held in the Fund (10,548,386 units; June 30, 2012: 10,089,822 units)	106,350	101,643
<b>Employees of Management Company</b>		
Investment held in the Fund (198,542 units; June 30, 2012: 182,356 units)	2,002	1,837
Company Secretary / CFO (750 units; June 30, 2012 Nil: units)	8	-

## 10 DATE OF AUTHORISATION FOR ISSUE

This financial information was authorised for issue by the Board of Directors of the Management Company on February 26, 2013.

## 11 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director