



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA RIBA FREE SAVINGS FUND

HALF YEARLY REPORT DECEMBER 31

2014



Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

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. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	Member

Trustee

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

Bankers to the Fund

Al-Baraka Islamic Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Habib Bank Limited
Meezan Bank Limited
United Bank Limited
Summit Bank Limited
NIB Bank Limited
Standard Chartered Bank (Pakistan) Limited
BankIslami Pakistan Limited
MCB Bank Limited
Silk Bank Limited
Dubai Islamic Bank Pakistan Limited
National Bank of Pakistan

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:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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 (NRFSF)** for the half year ended December 31, 2014.

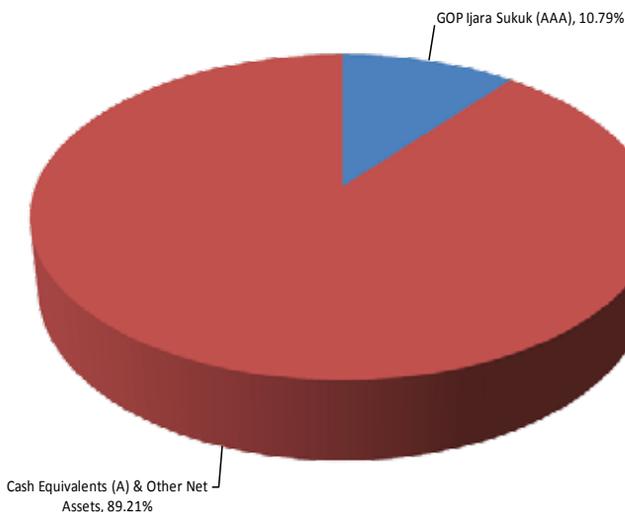
Fund's Performance

The size of NAFA Riba Free Savings Fund has declined from Rs. 1,657 million to Rs. 1,273 million during the period, i.e. a decline of 23.2%. During the period, the unit price of the Fund has increased from Rs. 10.1045 on June 30, 2014 to Rs. 10.4812 on December 31, 2014, thus showing an annualized return of 7.40% as compared to its Benchmark (Average 6-Month Deposit Rate of A- and above rated Islamic banks) annualized return of 7.04% for the same period. The performance of the Fund is net of management fee and other expenses.

NRFSF is an Islamic Income Scheme with no direct or indirect exposure to stock market. The stability rating of the Fund by PACRA is AA-(f), which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile. The maturity of any single instrument except GOP Ijarah Sukuks cannot exceed six months. GOP Ijarah Sukuks are floating rate Shariah compliant securities with six monthly coupon resets. This minimizes pricing risk.

During the period under review, the State Bank of Pakistan reduced the policy rate by 50bps to 9.5% mainly due to sharp decline in inflation and improved external account position. Sovereign securities responded to the loose monetary policy stance with yields on short term and long term sovereign bonds declining sharply. Going forward, we view that declining trend in inflation along with mitigation of risk to external account could further repress the interest rates.

The Fund has earned total income of Rs.73.06 million during the period. After deducting expenses of Rs.16.69 million, the net income is Rs.56.37 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NRFSF.



NAFA RIBA FREE SAVINGS FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 17, 2015
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, 2014 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.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 26, 2015

NAFA RIBA FREE SAVINGS FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Riba Free Savings Fund** as at December 31, 2014, 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, 2014. 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 quarter ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: February 27, 2015
Karachi

NAFA RIBA FREE SAVINGS FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2014

	Note	Un-Audited December 31, 2014	Audited June 30, 2014
----- Rupees in '000 -----			
ASSETS			
Cash and bank balances	4	1,145,163	2,791,207
Investments	5	137,284	380,159
Profit receivable		12,353	23,889
Preliminary expenses and floatation costs		137	230
Security deposit		200	200
Prepayments and other receivables		-	121
Total assets		1,295,137	3,195,806
LIABILITIES			
Payable to the Management Company	6	9,475	7,896
Payable to the Central Depository Company of Pakistan Limited - Trustee		171	270
Payable to the Securities and Exchange Commission of Pakistan		583	2,381
Payable against redemption of units		425	1,517,502
Accrued expenses and other liabilities		11,881	10,727
Total liabilities		22,535	1,538,776
NET ASSETS		1,272,602	1,657,030
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,272,602	1,657,030
CONTINGENCIES AND COMMITMENTS			
-----Number of units-----			
NUMBER OF UNITS IN ISSUE		121,417,325	163,990,074
-----Rupees-----			
NET ASSET VALUE PER UNIT	9	10.4812	10.1045

The annexed notes 1 to 14 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, 2014

	Half Year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note -----Rupees in '000-----				
INCOME				
Profit on bank deposits	69,849	127,047	33,127	68,286
Income from GoP Ijarah Sukuks	7,675	27,406	3,392	12,895
Capital loss on sale of investments - net	(1,115)	(185)	-	(185)
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(3,343)	3,589	(1,478)	3,061
Total income	73,066	157,857	35,041	84,057
EXPENSES				
Remuneration of the Management Company	9,719	20,932	4,561	10,725
Sindh Sales Tax on remuneration of the Management Company	1,691	3,910	734	2,277
Federal Excise Duty on Management Company's remuneration	1,555	3,349	730	1,716
Remuneration of the Trustee	1,089	1,724	524	944
Annual fee - Securities and Exchange Commission of Pakistan	583	1,256	274	644
Amortisation of preliminary expenses and floatation costs	93	95	47	46
Auditors' remuneration	384	304	246	158
Listing fee	40	20	30	10
Rating fee	121	61	60	15
Printing charges	85	-	85	-
Legal Fee	25	-	-	-
Securities transaction cost	14	42	-	-
Bank charges	142	141	70	-
Total expenses	15,541	31,834	7,361	16,535
Net income from operating activities	57,525	126,023	27,680	67,522
Provision for Workers' Welfare Fund	8	(1,150)	(553)	(1,350)
Net income for the period before taxation	56,375	123,503	27,127	66,172
Taxation	10	-	-	-
Net income for the period after taxation	56,375	123,503	27,127	66,172

The annexed notes 1 to 14 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, 2014

	Half Year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	-----Rupees in '000-----			
Net income for the period after taxation	56,375	123,503	27,127	66,172
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>56,375</u>	<u>123,503</u>	<u>27,127</u>	<u>66,172</u>

The annexed notes 1 to 14 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, 2014

	Half Year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
-----Rupees in '000-----				
Undistributed income brought forward comprising of :				
Realised income	2,616	6,309	41,695	4,783
Unrealised income / (loss)	6,816	698	(1,865)	528
	<u>9,432</u>	<u>7,007</u>	<u>39,830</u>	<u>5,311</u>
Net income for the period after taxation	56,375	123,503	27,127	66,172
Distributions during the half year and quarter ended December 31, 2014 and December 31, 2013 respectively				
- Bonus units	-	(75,969)	-	(43,959)
- Cash distribution	-	(46,012)	-	(18,468)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(10,626)	484	(11,776)	(43)
Undistributed income carried forward	<u>55,181</u>	<u>9,013</u>	<u>55,181</u>	<u>9,013</u>
Undistributed income comprising of :				
Realised income	58,524	5,424	58,524	5,424
Unrealised (loss) / income	(3,343)	3,589	(3,343)	3,589
	<u>55,181</u>	<u>9,013</u>	<u>55,181</u>	<u>9,013</u>

The annexed notes 1 to 14 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, 2014

	Half Year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
-----Rupees in '000-----				
Net assets at the beginning of the period	1,657,030	3,028,447	1,715,874	3,369,774
Issue of 67,361,281 units including Nil bonus units. (2013: 109,638,640 units including 7,536,342 bonus units)	694,192	1,032,219	351,303	428,073
Redemption of 109,934,030 units (2013:66,679,745 units)	(1,134,995) (440,803)	(674,257) 357,962	(821,702) (470,399)	(381,651) 46,422
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	10,626	(484)	11,776	43
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(3,343)	3,589	(1,478)	3,061
Capital (loss) / gain on sale of investments	(1,115)	(185)	-	(185)
Other operating income	60,833	120,099	28,605	63,296
Net income for the period	56,375	123,503	27,127	66,172
Issue of Nil bonus units during the half year and quarter ended December 31, 2014 and December 31, 2013 respectively	-	75,969	-	43,959
Less: Distributions made during the period				
Distributions made during the half year and quarter ended December 31, 2014 and December 31, 2013 respectively				
-Bonus units	-	(75,969)	-	(43,959)
-Cash distribution	-	(46,012)	-	(18,468)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(10,626)	484	(11,776)	(43)
Net assets as at the end of the period	<u>1,272,602</u>	<u>3,463,900</u>	<u>1,272,602</u>	<u>3,463,900</u>

The annexed notes 1 to 14 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, 2014

	Half Year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
-----Rupees in '000-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	56,375	123,503	27,127	66,172
Adjustments				
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	3,343	(3,589)	1,478	(3,061)
Capital loss / (gain) on sale of investments - net	1,115	185	1,115	185
Amortisation of preliminary expenses and floatation costs	93	95	47	46
	60,926	120,194	29,767	63,342
(Increase) / decrease in assets				
Investments - net	238,417	282,935	(1,116)	116,977
Receivable against issue of units	-	1,513,571	630	815
Prepayments and other receivables	121	80	90	164
Profit receivable	11,536	(10,693)	2,170	5,717
	250,074	1,785,893	1,774	123,673
Increase / (decrease) in liabilities				
Payable to the Management Company	1,579	5,800	653	2,459
Payable to the Trustee	(99)	120	(12)	(8)
Payable to the Securities and Exchange Commission of Pakistan	(1,798)	326	274	644
Accrued expenses and other liabilities	1,154	2,479	291	(9,084)
	836	8,725	1,206	(5,989)
Net cash generated from operating activities	311,836	1,914,812	32,747	181,026
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issue of units	694,192	1,032,219	351,303	428,073
Payment on redemption of units	(2,652,072)	(674,167)	(823,146)	(389,601)
Distribution paid	-	(46,012)	-	(18,468)
Net cash (used in) / generated from financing activities	(1,957,880)	312,040	(471,843)	20,004
Net (decrease) / increase in cash and cash equivalents during the period	(1,646,044)	2,226,852	(439,096)	201,030
Cash and cash equivalents at the beginning of the period	2,791,207	739,483	1,584,259	2,765,305
Cash and cash equivalents at end of the period	1,145,163	2,966,335	1,145,163	2,966,335

The annexed notes 1 to 14 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 (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

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

On January 11, 2013, MCB Financial Services Limited (MCB-FSL) was appointed as the new Trustee of the Fund, after CDC retired on the prior day. The appointment of the new Trustee was made as per clause 21 of the Trust Deed and Regulation 42(3) of the NBFC and Notified Entities Regulations 2008. The supplemental Trust Deed of the Fund was signed on November 16, 2012. Thereafter, on September 4, 2013, CDC was re-appointed as the new Trustee of the Fund, after MCB-FSL retired on the prior day and the supplemental Trust Deed was signed on July 29, 2013.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-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 to the Management Company as at April 8, 2014 and a stability rating of AA-(f) to the Fund as at March 5, 2014.

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

This condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. 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 Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the 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 statements have, however, 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 period ended June 30, 2014.

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, 2014.

NAFA RIBA FREE SAVINGS FUND

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

The accounting policies adopted for the preparation of the condensed interim financial statements for the half year and quarter ended December 31, 2014 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2014.

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended June 30, 2014.

The financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Fund for the year ended June 30, 2014.

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2014. None of these amendments have a significant effect on this condensed interim financial information.

	Note	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
Rupees in '000			
4 CASH AND BANK BALANCES			
Current accounts		16,817	11,509
Savings accounts	4.1	1,128,346	1,943,365
Pay order in hand			836,333
		<u>1,145,163</u>	<u>2,791,207</u>

4.1 These carry profit at rates ranging from 6.50% to 10.20% (June 30, 2014: 6.00% to 10.20%) per annum.

	Note	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
Rupees in '000			
5 INVESTMENTS			
Financial assets classified as 'at fair value through profit or loss'			
Government securities- GoP ijarah Sukuks	5.1	<u>137,284</u>	<u>380,159</u>

NAFA RIBA FREE SAVINGS FUND

5.1 GoP Ijarah Sukuk

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

Name of the investee company	Coupon rate in % / Tenor	Number of Certificates				Market value as at December 31, 2014	Investment as a percentage of	
		As at July 01, 2014	Purchases during the period	Sale during the period	As at December 31, 2014		Net assets	Market value of total investments
						Rupees in '000	-----%	
May 16, 2011	9.4640 / 3 Years	1,000	-	1,000	-	-	0.00%	0.00%
December 26, 2011	9.9763 / 3 Years	1,867	-	1,867	-	-	0.00%	0.00%
March 02, 2012	9.9791 / 3 Years	400	-	-	400	40,068	3.15%	29.19%
April 30, 2012	9.9791 / 3 Years	240	-	-	240	24,060	1.89%	17.53%
June 28, 2012	9.9685 / 3 Years	500	-	500	-	-	0.00%	0.00%
September 18, 2012	9.7291 / 3 Years	470	-	-	470	47,099	3.70%	34.31%
March 28, 2013	9.7000 / 3 Years	250	10	-	260	<u>26,057</u>	2.05%	18.98%
						<u>137,284</u>		
Carrying Value as at December 31, 2014						<u>140,627</u>		
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'						<u>(3,343)</u>		

(Un-Audited) (Audited)
December 31, 2014 June 30, 2014
Note Rupees in '000

6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	1,452	513
Sindh Sales Tax payable on remuneration of the Management Company	6.2	254	96
Federal Excise Duty payable on remuneration of the Management Company	6.3	7,367	5,812
Sales load payable to the Management Company		181	1,359
Sindh Sales Tax on sales load payable		43	6
Federal Excise Duty on sales load payable		178	110
		<u>9,475</u>	<u>7,896</u>

- 6.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent of such assets of the Fund. Further, as per the requirement of the NBFC Regulations the Management Company shall not charge any fee if the Fund makes investment in CIS managed by the same Management Company. The Management Company has charged remuneration at the rate of 1.25% per annum based on the daily net assets of the Fund after deducting the investment made by the Fund in the CIS managed by the Management Company during the half year ended December 31, 2014. The amount of remuneration is paid monthly in arrears.
- 6.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 15% (June 30, 2014: 16%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 6.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 6.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED amounting to Rs 7.367 million. Had the provision not been made the net asset value per unit of the Fund as at December 31, 2014 would have been higher by Rs 0.0607 per unit.

NAFA RIBA FREE SAVINGS FUND

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.

8 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), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2012, 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, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In a recent judgment, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 9.963 million (including Rs 1.150 million for the current period) in this condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at December 31, 2014 would have been higher by Rs 0.0821 per unit.

9 NET ASSET VALUE PER UNIT

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

10 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 management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

11 EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended December 31, 2014 has not been disclosed as in the opinion of the management, determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

12 TRANSACTIONS WITH RELATED PARTIES/ CONNECTED PERSONS

- 12.1 Related parties / 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, entities having common directorship with the Management Company and directors and officers of the Management Company.
- 12.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 12.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 12.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

NAFA RIBA FREE SAVINGS FUND

----- (Un-Audited) -----			
Half Year ended		Quarter ended	
December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
-----Rupees in '000-----			

12.5 Transactions during the period

NBP Fullerton Asset Management Limited

- Management Company

Management remuneration for the period	9,719	20,932	4,561	10,725
Sindh Sales Tax on remuneration of the Management Company	1,691	3,910	734	2,277
Federal Excise Duty on Management Company's Remuneration	1,555	3,349	730	1,716
Sale Load for the period	367	-	167	-
Bonus units issued Nil units; (2013: 173,584 units)	-	-	-	-
Units redeemed / transferred out units; 5,023,573 Units (2013: Nil units)	51,829	-	51,829	-

Alexandra Fund Management Pte. Ltd. - Sponsor

Bonus units issued Nil units; (2013: 210,568 units)	-	-	-	-
Units redeemed / transferred out Nil Units; (2013: 8,751,627 units)	-	88,487	-	88,487

MCB Financial Securities Limited - Trustee from July 11, 2013

till September 3, 2013

Remuneration for the period	-	507	-	-
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Central Depository Company of Pakistan Limited - Trustee

for September 4, 2013

Remuneration for the period	1,089	1,217	524	944
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Employees of the Management Company

Bonus units issued Nil units (2013: 24,107 units)	-	-	-	-
Units issued / transferred in 305,167 units (2013: 832,080 units)	3,125	8,409	1,067	3,556
Units redeemed / transferred out 483,874 units (2013: 365,813 Units)	4,970	3,695	1,590	1,187

Company Secretary / CFO

Bonus units issued Nil units (2013: 366 units)	-	-	-	-
Units issued / transferred in Nil units (2013: 13,560 units)	-	137	-	-

National Bank of Pakistan

Bonus units issued Nil units (2013: 931,415 units)	-	-	-	-
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NAFA RIBA FREE SAVINGS FUND

	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	----- Rupees in '000 -----	
12.6 Balances outstanding as at period / year end		
NBP Fullerton Asset Management Limited - Management Company		
Management Remuneration payable	1,452	513
Sindh sales tax payable on remuneration of the Management Company	254	96
Federal Excise Duty on remuneration of the Management Company	7,367	5,812
Sales Load payable	181	1,359
Sindh Sales Tax on sales load payable	43	6
Federal Excise Duty on sales load payable	178	110
Units held Nil units (June 30, 2014: 5,023,573 units)	-	50,761
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	171	270
CDS settlement charges payable	1	33
Security deposit	200	200
National Bank of Pakistan - Sponsor		
Balance in current account	1,369	-
Units held 48,879,751 units (June 30, 2014: 48,879,751 units)	512,318	493,905
Payable agaisnt redemption of units	-	1,515,912
Employees of the Management Company		
Units held 225,630 units (June 30, 2014: 404,337 units)	2,365	4,086
Summit Bank Limited		
Bank balance	786	1,589

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 17, 2015 by the Board of Directors of the Management Company.

GENERAL

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

14.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

14.2 No significant reclassifications have been made during the current period.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

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