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**NBP Fullerton  
Asset Management Ltd.**  
A Subsidiary of  
National Bank of Pakistan

## **NAFA RIBA FREE SAVINGS FUND**

# **HALF YEARLY REPORT DECEMBER 31 2015**




*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

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# 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. Nigel Poh Cheng	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 & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource and Remuneration Committee

Mr. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	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  
BankIslami Pakistan Limited  
MCB Bank Limited  
Silk Bank Limited  
Dubai Islamic Bank Pakistan Limited  
National Bank of Pakistan  
Allied Bank Limited  
Sindh Bank Limited  
Bank Al Habib Limited

# NAFA RIBA FREE SAVINGS FUND

## Auditors

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court,  
A-35, Block 7 & 8,  
KCHSU, Sharae Faisal  
Karachi-75350 Pakistan

## 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](http://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:

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632 (nfa)  
Fax: 091-5703202

## Multan Office:

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

# 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, 2015.

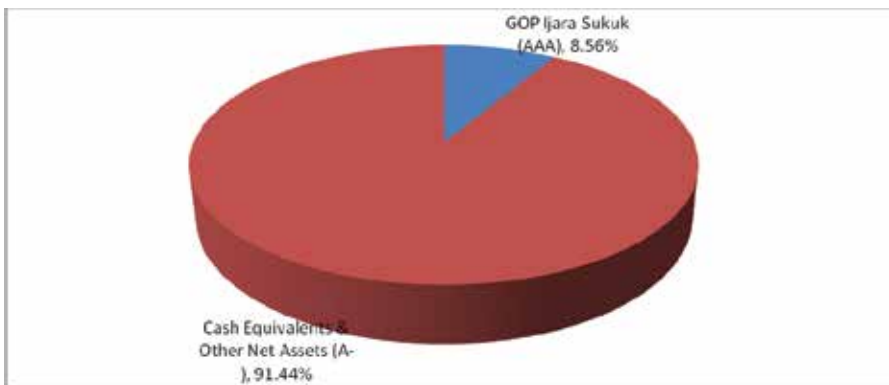
### Fund's Performance

The size of NAFA Riba Free Savings Fund has increased from Rs. 799 million to Rs. 1,486 million during the period, i.e. an increase of 86.0%. During the period, the unit price of the Fund has increased from Rs. 10.1642 on June 30, 2015 to Rs. 10.4501 on December 31, 2015, thus showing a return of 5.58% as compared to the benchmark (average 6-Month Deposit Rate of 'A-' and above rated Islamic banks) return of 5.11% for the same period. The performance of the Fund is net of management fee and all other expenses.

NRFSF is an Islamic Income Scheme with no direct or indirect exposure to the stock market and corporate sukus. The stability rating of the Fund by PACRA is 'A (f)', which denotes a 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.

During the period under review, the State Bank of Pakistan reduced the discount rate by 50 bps to 6.5%. SBP highlighted i) benign inflation readings and anchored near-term expectation; ii) high real lending rates; iii) comfortable external account position; and (iv) improving law and order situation and macroeconomic stability. Sovereign securities responded to the loose monetary policy stance with yields on the short term and long term sovereign bonds declining accordingly.

The Fund has earned total income of Rs.53 million during the period. After deducting expenses of Rs.12.39 million, the net income is Rs.40.61 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 26, 2016  
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, 2015 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 25, 2016



# 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** (here-in-after referred to as 'the Fund') as at December 31, 2015, 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, 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, 2015. NBP Fullerton Asset Management Limited (the Management Company) 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, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other Matter*

The condensed interim financial information of the Fund for the half year ended December 31, 2014 and the annual financial statements of the Fund for the year ended June 30, 2015 were reviewed and audited by another firm of Chartered Accountant whose report dated February 27, 2015 and September 30, 2015 expressed an unqualified conclusion and opinion thereon respectively.

**Deloitte Yousuf Adil**  
Chartered Accountants

**Engagement Partner:**  
Naresh Kumar

**Date:** February 29, 2016  
**Place:** Karachi

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2015

	Note	(Un-Audited) December 31, 2015	Audited June 30, 2015
------(Rupees in '000)-----			
<b>ASSETS</b>			
Balances with banks	4	1,355,218	1,467,701
Investments	5	127,234	138,011
Profit receivable	6	9,429	7,965
Receivable against sale of units	7	26,287	19,572
Deposits and prepayments		220	350
Preliminary expenses and floatation costs		-	45
<b>Total assets</b>		<b>1,518,388</b>	<b>1,633,644</b>
<b>LIABILITIES</b>			
Payable to the NBP Fullerton Asset Management Limited - Management Company	8	11,602	11,088
Payable to Central Depository Company of Pakistan Limited - Trustee	9	205	180
Payable to the Securities and Exchange Commission of Pakistan		485	1,110
Payable against redemption of units	10	9,507	773,811
Dividend payable		-	33,390
Accrued expenses and other liabilities	11	10,680	14,847
<b>Total liabilities</b>		<b>32,479</b>	<b>834,426</b>
<b>NET ASSETS</b>		<b>1,485,909</b>	<b>799,218</b>
<b>UNIT HOLDERS' FUND (As per statement attached)</b>		<b>1,485,909</b>	<b>799,218</b>
Contingencies and commitments	12		
(Number of units)			
<b>Number of units in issue</b>		<b>142,191,367</b>	<b>78,630,792</b>
-----Rupees-----			
<b>Net asset value per unit</b>		<b>10.4501</b>	<b>10.1642</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Note	Half year ended		Quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- Rupees in '000 -----					
<b>INCOME</b>					
Profit on bank deposits		42,956	69,849	23,551	33,127
Capital loss on sale of investments - net		(847)	(1,115)	(847)	-
Income from GoP ijara sukus		4,336	7,675	1,564	3,392
Unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss-held for trading' - net	5.2	1,070	(3,343)	1,395	(1,478)
<b>Total Income</b>		<b>47,515</b>	<b>73,066</b>	<b>25,663</b>	<b>35,041</b>
<b>EXPENSES</b>					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	7,511	9,719	3,942	4,561
Sindh Sales Tax on remuneration of the Management Company	8.2	1,220	1,691	640	734
Federal Excise Duty on remuneration of the Management Company	8.3	1,202	1,555	631	730
Remuneration to Central Depository Company of Pakistan Limited - Trustee		967	1,089	521	524
Sindh Sales Tax on remuneration of the Trustee	9.1	135	-	73	-
Annual fee - Securities and Exchange Commission of Pakistan		485	583	271	274
Allocated expenses	8.4	149	-	149	-
Amortisation of preliminary expenses and floatation costs		45	93	-	47
Annual listing fee		20	40	10	30
Securities transaction cost		-	14	-	-
Bank charges		95	142	22	70
Auditors' remuneration		370	384	217	246
Legal and professional charges		-	25	-	-
Fund's rating fee		151	121	76	60
Printing expenses		36	85	36	85
<b>Total Expenses</b>		<b>12,386</b>	<b>15,541</b>	<b>6,588</b>	<b>7,361</b>
<b>Net income from operating activities</b>		<b>35,129</b>	<b>57,525</b>	<b>19,075</b>	<b>27,680</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net		5,485	-	326	-
Provision for Workers' Welfare Fund	13	-	(1,150)	-	(553)
<b>Net income for the period before taxation</b>		<b>40,614</b>	<b>56,375</b>	<b>19,401</b>	<b>27,127</b>
Taxation	14	-	-	-	-
<b>Net income for the period after taxation</b>		<b>40,614</b>	<b>56,375</b>	<b>19,401</b>	<b>27,127</b>

The annexed notes 1 to 18 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, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees in '000 -----			
Net income for the period after taxation	40,614	56,375	19,401	27,127
Other comprehensive income for the period:				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>40,614</u>	<u>56,375</u>	<u>19,401</u>	<u>27,127</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- Rupees in '000 -----				
Undistributed income brought forward comprising of:				
- realised income	16,751	2,616	35,673	41,695
- unrealised (loss) / income	(2,616)	6,816	(325)	(1,865)
	14,135	9,432	35,348	39,830
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	-	(10,626)	-	(11,776)
Net income for the period	40,614	56,375	19,401	27,127
Undistributed income carried forward	40,614	45,749	19,401	15,351
	54,749	55,181	54,749	55,181
Undistributed income carried forward comprising of:				
- realised income	53,679	58,524	53,354	56,659
- unrealised income / (loss)	1,070	(3,343)	1,395	(1,478)
	54,749	55,181	54,749	55,181

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

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, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees in '000 -----			
Net assets at the beginning of the period	799,218	1,657,030	1,479,034	1,715,874
Issue of 209,079,701 units including Nil bonus units. (2014: 67,361,281 units)	2,146,039	694,192	426,862	351,303
Redemption of 145,519,126 units (2014: 109,934,030 units)	(1,494,477)	(1,134,995)	(439,062)	(821,702)
	651,562	(440,803)	(12,200)	(470,399)
Net element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed transferred to income statement	(5,485)	-	(326)	-
Net element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed transferred to distribution statement	-	10,626	-	11,776
Total comprehensive income for the period	40,614	56,375	19,401	27,127
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	-	(10,626)	-	(11,776)
<b>Net assets as at the end of the period</b>	<b>1,485,909</b>	<b>1,272,602</b>	<b>1,485,909</b>	<b>1,272,602</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- Rupees in '000 -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	40,614	56,375	19,401	27,127
<b>Adjustments</b>				
Unrealised (appreciation) / diminution on re-measurement of investments 'at fair value through profit or loss-held for trading' - net	(1,070)	3,343	(1,395)	1,478
Amortisation of preliminary expenses and floatation costs	45	93	-	47
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(5,485)	-	(326)	-
Capital loss on sale of investments - net	847	1,115	847	-
	<u>34,951</u>	<u>60,926</u>	<u>18,527</u>	<u>28,652</u>
<b>(Increase) / decrease in assets</b>				
Investments - net	11,000	238,417	11,000	(1)
Profit receivable	(1,464)	11,536	(234)	2,170
Deposits and prepayments	130	121	86	90
	<u>9,666</u>	<u>250,074</u>	<u>10,852</u>	<u>2,259</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the NBP Fullerton Asset Management Limited - Management Company	514	1,579	261	653
Payable to Central Depository Company of Pakistan Limited - Trustee	25	(99)	12	(12)
Payable to Securities and Exchange Commission of Pakistan	(625)	(1,798)	271	274
Accrued expenses and other liabilities	(4,167)	1,154	(2,111)	291
	<u>(4,253)</u>	<u>836</u>	<u>(1,567)</u>	<u>1,206</u>
<b>Net cash generated from operating activities</b>	<u>40,364</u>	<u>311,836</u>	<u>27,812</u>	<u>32,117</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Amounts received from issuance of units	2,139,324	694,192	401,075	351,933
Amounts paid on redemption of units	(2,258,781)	(2,652,072)	(430,050)	(823,146)
Distribution paid	(33,390)	-	-	-
<b>Net cash used in financing activities</b>	<u>(152,847)</u>	<u>(1,957,880)</u>	<u>(28,975)</u>	<u>(471,213)</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<u>(112,483)</u>	<u>(1,646,044)</u>	<u>(1,163)</u>	<u>(439,096)</u>
Cash and cash equivalents at the beginning of the period	1,467,701	2,791,207	1,356,381	1,584,259
<b>Cash and cash equivalents at the end of the period</b>	<u><u>1,355,218</u></u>	<u><u>1,145,163</u></u>	<u><u>1,355,218</u></u>	<u><u>1,145,163</u></u>

The annexed notes 1 to 18 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, 2015

### 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 (now Pakistan 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 (PACRA) has assigned an asset manager rating of 'AM2+' to the Management Company and has assigned stability rating of 'A(f)' to the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan (CDC) 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 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 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 NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information 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 year ended June 30, 2015.

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, 2015.

#### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the investments which are stated at fair value.



# NAFA RIBA FREE SAVINGS FUND

## 2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Fund.

## 2.4 Critical accounting estimates and judgments

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2015, except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information except certain additional disclosures as given in note 16.

## 2.5 Financial Risk Management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2015.

## 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, 2015.

	Note	(Un-Audited) December 31, 2015	Audited June 30, 2015
----- Rupees in '000 -----			
4	<b>BALANCES WITH BANKS</b>		
	In savings accounts	4.1 1,345,547	1,443,480
	In current accounts	9,671	24,221
		<u>1,355,218</u>	<u>1,467,701</u>

4.1 These carry a rate of return ranging between 4.00% and 7.90% (June 30, 2015: 4.50% to 8.43%) per annum.

	Note	(Un-Audited) December 31, 2015	Audited June 30, 2015
----- Rupees in '000 -----			
5	<b>INVESTMENTS</b>		
	<b>At fair value through profit or loss - held for trading</b>		
	Government securities- GoP ijara sukuks	5.1 <u>127,234</u>	<u>138,011</u>

# NAFA RIBA FREE SAVINGS FUND

## 5.1 GoP ijara sukuks - at fair value through profit or loss - held for trading

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, 2015	Investment as a percentage of	
		As at July 01, 2015	Purchases during the period	Sales during the period	As at December 31, 2015		Net assets	Market value of total investments
						Rupees in '000	-----%	
GoP ijara sukuk X	02-Mar-2012 to 21-Nov-2015	400	-	400	-	-	-	-
GoP ijara sukuk XI	30-Apr-2012 to 21-Nov-2015	240	-	240	-	-	-	-
GoP ijara sukuk XIII	18-Sept-2012 to 21-Nov-2015	470	-	470	-	-	-	-
GoP ijara sukuk XIV	28-Mar-2013 to 28-Mar-2016	260	-	-	260	26,104	1.76	20.52
GoP ijara sukuk XVI	18-Dec-2015 to 18-Dec-2018	-	1,000	-	1,000	101,130	6.81	79.48
						127,234		
Carrying value as at December 31, 2015						126,164		

5.1.1 GoP ijara sukuks held by the Fund carry rate of return ranging from 5.89% to 6.15% (June 30, 2015: 7.59% to 8.34%) per annum.

## 5.2 Unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss-held for trading' - net

	Note	Un-Audited December 31, 2015	Audited June 30, 2015
		-----	-----
		Rupees in '000	-----
Market value of investments	5.1	127,234	138,011
Less: Carrying value of investments	5.1	(126,164)	(140,627)
		1,070	(2,616)

## 6 PROFIT RECEIVABLE

Profit accrued on savings accounts		8,786	4,962
Profit accrued on GoP ijara sukuks		643	3,003
		9,429	7,965

## 7 RECEIVABLE AGAINST SALE OF UNITS

This represents amount receivable from other collective investment scheme in respect of units issued to various unit holders based on their request for transfer of units from other collective investment scheme (managed by the Management Company) to the Fund. This amount have been received subsequent to the period ended December 31, 2015.

## 8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	Un-Audited December 31, 2015	Audited June 30, 2015
		-----	-----
		Rupees in '000	-----
Remuneration payable to Management Company	8.1	985	1,622
Sindh Sales Tax payable on Management remuneration	8.2	161	283
Federal Excise Duty payable on Management remuneration	8.3	9,975	8,773
Front-end load payable to the Management Company		332	410
Allocated expenses payable	8.4	149	-
		11,602	11,088

# NAFA RIBA FREE SAVINGS FUND

8.1 The Management Company is entitled to a remuneration for services rendered to the Fund under the provisions of the NBFC Regulations during the first five years of a Fund's existence of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets provided that Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document. On November 25, 2015, Securities and Exchange Commission Of Pakistan (SECP) has made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provisions of amended NBFC, the above applicable rate has been changed from 2% to 1.5% for income schemes.

The Management Company has charged management remuneration at the rate of 1.25% per annum until December 6, 2015. Thereafter from December 7, 2015, the Management Company has revised their policy for charging management remuneration as per the table given below:

Management Fee as % of Net income *	Minimum Management Fee ( as % of Average NAV)	Maximum Management Fee (as % of Average NAV)
10.00%	0.50%	1.25%

\* Net income = Gross Income - All expenses of the fund excluding Management fee and related Sales Tax and FED thereon.

Management remuneration is paid on a monthly basis in arrears.

8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.

8.3 As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services provided by the Management Company has been levied effective from June 13, 2013. Mutual Fund Association of Pakistan (MUFAP) has taken up the matter collectively and filed a petition with the Honorable Sindh High Court and has been granted stay in this regard. In prior year, the Management Company has also received a notice under section 14 of the Federal Excise Act, 2005 regarding payment of FED on management remuneration. The Management Company is of the view that since the services are already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. Therefore, the Management Company has also filed a petition against the demand notice in the Honorable High Court of Sindh and has been granted stay on the basis of the pending Constitutional Petition from MUFAP in the said court as referred above. However, as a matter of abundant caution, the Fund has made the provision against FED.

8.4 The SECP has made certain amendments in the NBFC Regulations through S.R.O. 1160 (I)/2015 dated November 25, 2015. As per Regulation 60(3)(s) of the amended NBFC Regulations, Management Company can charge to the Fund fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets with effect from November 25, 2015.

	Note	Un-Audited December 31, 2015	Audited June 30, 2015
9	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
		----- Rupees in '000 -----	
	Remuneration payable to the Trustee	180	180
	Sindh Sales Tax on Trustee remuneration	25	-
		<u>205</u>	<u>180</u>

9.1 The Sindh Revenue Board through circular no. SRB-3-4/TP/01/2015/86554 dated June 13, 2015, amended definition of services of shares, securities and derivatives and included the custodianship services within purview of the Sindh Sales Tax. Accordingly Sindh Sales Tax of 14% is applicable on Trustee fee which is now covered under section 2(79A) of the Sindh Sales Tax on Services Act, 2011.

## 10 PAYABLE AGAINST REDEMPTION OF UNITS

This includes amount payable to other collective investment scheme being managed by the Management Company of the Fund in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment scheme. This have been paid subsequent to the period ended December 31, 2015.

# NAFA RIBA FREE SAVINGS FUND

	Note	Un-Audited December 31, 2015	Audited June 30, 2015
----- Rupees in '000 -----			
<b>9 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		348	465
Bank charges		41	37
Provision for Workers' Welfare Fund	13	10,079	10,079
Printing charges		25	100
Legal and professional charges		25	125
Settlement charges payable		50	51
Withholding tax payable		20	2,222
Others		92	1,768
		<u>10,680</u>	<u>14,847</u>

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2015 and June 30, 2015.

## 13 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 10.079 million in these condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at December 31, 2015 would have been higher by Rs 0.0709 per unit.

The Finance Act, 2015 has excluded Collective Investment Schemes (CISs) from the definition of 'industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, the Management Company has discontinued further provisioning of WWF with effect from 1 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending before the Sindh High Court (SHC).

## 14 TAXATION

The Fund's income is exempt from income tax as per clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute 90% of the net accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2016 to its unit holders. Accordingly, no liability has been recorded in the current period.

## 15 TRANSACTIONS WITH CONNECTED PERSONS

- 15.1 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 (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding ten percent or more units of the Fund.

# NAFA RIBA FREE SAVINGS FUND

- 15.2 The transactions with connected persons are in the normal course of business, at contracted rates / agreed rates.
- 15.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 15.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 15.5 Details of transactions with connected persons are as follows:

----- (Unaudited) -----				
Half Year ended		Quarter ended		
31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2014
----- (Rupees in '000) -----				

**NBP Fullerton Asset Management Limited  
- Management Company**

Remuneration of the Management Company	7,511	9,719	3,942	4,561
Sindh Sales Tax on remuneration of the Management Company	1,220	1,691	640	734
Federal Excise Duty on remuneration of the Management Company	1,202	1,555	631	730
Front-end load	152	367	6	167
Allocated expenses	149	-	149	-
Units redeemed / transferred out Nil units (2014: 5,023,573 units)	-	51,829	-	51,829

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

Remuneration	967	1,089	521	524
Sindh Sale Tax on remuneration	135	-	135	-
CDS charges	2	30	2	27

**Employees of the Management Company**

Units issued / transferred in 598,371 units (2014: 305,167 units)	6,110	3,125	136	1,067
Units redeemed / transferred out 736,355 units (2014: 483,874 units)	7,548	4,970	1,803	1,590

**National Bank of Pakistan - Sponsor**

Dividend paid	33,390	-	-	-
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**Capt. Haleem A. Siddiqui - Unit holder with more than 10% units holding**

Units issued / transferred in 18,754,025 units (2014: Nil units)	192,066	-	-	-
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**Export Processing Zone Authority - Unit holder with more than 10% units holding**

Units issued / transferred in 25,064,041 units (2014: Nil units)	256,673	-	-	-
Units redeemed / transferred out 14,358,760 units (2014: Nil units)	146,776	-	-	-

15.6 Balances outstanding as at period / year end

	(Un-audited) 31 December 2015	(Audited) 30 June 2015
(Rupees in '000)		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Remuneration payable to Management Company	985	1,622
Sindh Sales Tax payable on Management remuneration	161	283
Federal Excise Duty payable on Management remuneration	9,975	8,773
Front-end load payable to the Management Company	332	410
Allocated expenses payable	149	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	180	180
Sindh Sales Tax payable on remuneration	25	-
CDS charges payable	50	51
Security deposit	200	200
<b>National Bank of Pakistan - Sponsor</b>		
Balance in current account	2,654	2,299
Payable against redemption of units	-	496,824
Dividend payable	-	33,390

# NAFA RIBA FREE SAVINGS FUND

	31 December 2015 (Un-audited)	30 June 2015 (Audited)
	(Rupees in '000)	
<b>Employees of the Management Company</b> Units held: 32,464 units (2015: 170,447 units)	339	1,732
<b>Export Processing Zone Authority - Unit holder with more than 10% units holding</b> Units held: 27,009,063 units (2015: 16,303,782 units)	282,247	165,715
<b>Capt. Haleem A. Siddiqui - Unit holder with more than 10% units holding</b> Units held: 18,754,025 units (2015: Nil units)	195,981	-
<b>Amount receivable against issue of units from:</b>		
NAFA Islamic Stock Fund	-	462
NAFA Government Securities Savings Fund	-	347
NAFA Islamic Asset Allocation Fund	26,287	18,763
<b>Amount payable against redemption of units to:</b>		
NAFA Government Securities Liquid Fund	-	9,456
NAFA Islamic Aggressive Income Fund	-	259,455
NAFA Stock Fund	-	3,577
NAFA Asset Allocation Fund	-	925
NAFA Income Opportunity Fund	-	1,794
NAFA Islamic Asset Allocation Fund	9,446	-
<b>Summit Bank Limited - Common Directorship</b> Bank balance	2,215	-

## 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either 'directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Fund's financial assets which are carried at fair value:

	As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets	-----Rupees in '000-----			
Investments in securities - at fair value through profit or loss - held for trading	-	127,234	-	127,234
	As at June 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets	-----Rupees in '000-----			
Investments in securities - at fair value through profit or loss - held for trading	-	138,011	-	138,011

'The Fund has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

# NAFA RIBA FREE SAVINGS FUND

## 17 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 26, 2016 by the Board of Directors of the Management Company.

## GENERAL

### 18

Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

### 18.1

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No

18.2 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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