



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

*Your investments & "NAFA" grow together*



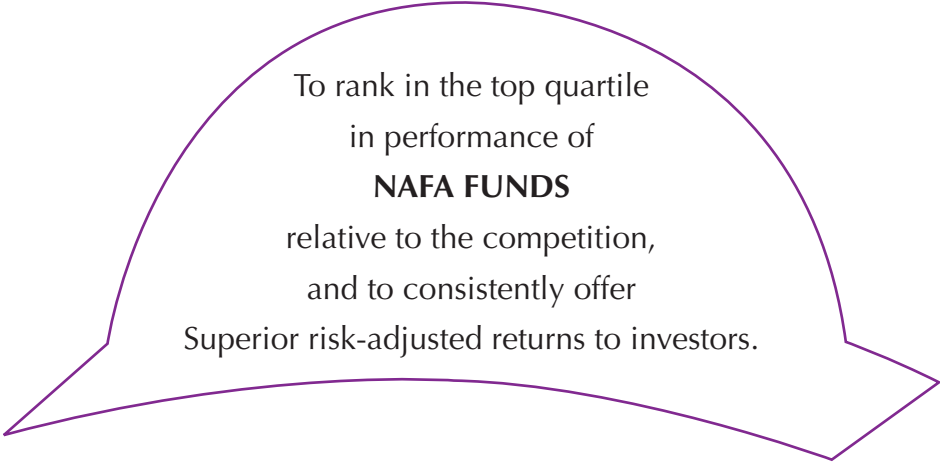
*Joint - Venture Partners*

# NAFA RIBA FREE SAVINGS FUND

HALF YEARLY REPORT  
DECEMBER 31  
2013



## 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  
NIB Bank Limited  
Summit 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:**

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, 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 (NRFSF) for the half year ended December 31, 2013.

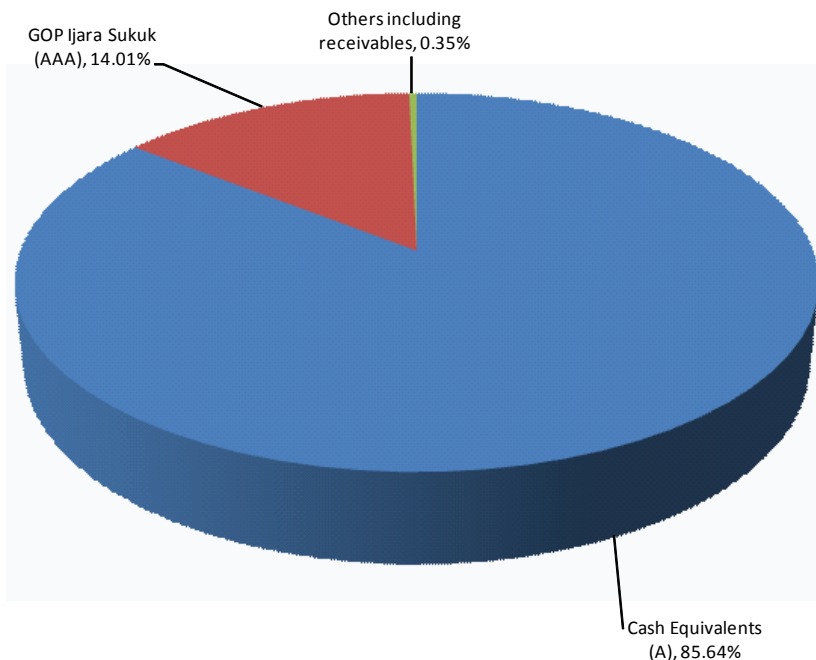
### Fund's Performance

The size of NAFA Riba Free Savings Fund increased from Rs. 3,028 million to Rs. 3,464 million during the period, i.e. a growth of 14.38%. During the period, the unit price of the Fund increased from Rs. 9.7278 (Ex - Div) on June 30, 2013 to Rs. 10.0955 on December 31, 2013, thus showing an annualized return of 7.50% as compared to its Benchmark (Average 6-Month Deposit Rate of A- and above rated Islamic banks) return of 6.68%.

NRFSF is an Islamic Income Scheme with no direct or indirect exposure to the 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 Ijara Sukuks cannot exceed six months. GOP Ijarah Sukuks are floating rate Shariah compliant securities with six monthly coupon resets. This minimizes pricing risk.

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

The Fund has earned total income of Rs.157.86 million during the period. After deducting expenses of Rs.34.36 million, the net income is Rs.123.50 million. The asset allocation of the Fund as on December 31, 2013 is as follows:



# NAFA RIBA FREE SAVINGS FUND

## Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 3.66% of opening ex-NAV (3.693% 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 13, 2014  
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 period from September 04, 2013 to December 31, 2013 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 24, 2014



# 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, 2013, 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, 2013. 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, 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

### *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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.  
Chartered Accountants  
Engagement Partner: **Rashid A. Jafer**  
Dated: February 26, 2014  
Karachi

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2013

	Note	Un-Audited December 31, 2013	Audited June 30, 2013
----- Rupees in '000 -----			
<b>ASSETS</b>			
Balances with banks	4	2,966,335	739,483
Investments	5	485,187	764,718
Security deposit and prepayments		220	300
Profit receivable		29,426	18,733
Preliminary expenses and floatation costs		336	431
Receivable against issue of units		-	1,513,571
<b>Total assets</b>		<b>3,481,504</b>	<b>3,037,236</b>
<b>LIABILITIES</b>			
Payable to the Management Company	6	8,839	3,039
Payable to the Trustee		289	169
Payable to the Securities and Exchange Commission of Pakistan		1,256	930
Payable against redemption of units		290	200
Accrued expenses and other liabilities		6,930	4,451
<b>Total liabilities</b>		<b>17,604</b>	<b>8,789</b>
<b>NET ASSETS</b>		<b>3,463,900</b>	<b>3,028,447</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>3,463,900</b>	<b>3,028,447</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	-	-
-----Number of units-----			
<b>NUMBER OF UNITS IN ISSUE</b>		<b>343,112,712</b>	<b>300,153,817</b>
-----Rupees-----			
<b>NET ASSET VALUE PER UNIT</b>	9	<b>10.0955</b>	<b>10.0897</b>

The annexed notes 1 to 15 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, 2013

	Half Year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Note -----Rupees in '000-----			
<b>INCOME</b>				
Profit on bank deposits	127,047	18,878	68,286	11,065
Capital (loss) / gain on sale of investments - net	(185)	213	(185)	-
Income on Government of Pakistan (GoP) Ijara Sukuks and Sukuk certificates	27,406	39,398	12,895	19,865
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	3,589	580	3,061	-
<b>Total income</b>	<b>157,857</b>	<b>59,069</b>	<b>84,057</b>	<b>30,930</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	20,932	6,761	10,725	3,713
Sindh Sales Tax on remuneration of the Management Company	3,910	1,082	2,277	594
Federal Excise Duty on Management Company's remuneration	3,349	-	1,716	-
Remuneration of the Trustee	1,724	877	944	467
Annual fee - Securities and Exchange Commission of Pakistan	1,256	406	644	223
Annual listing fee	20	20	10	11
Securities transaction cost	42	51	-	47
Bank charges	141	216	-	133
Auditors' remuneration	304	292	158	162
Fund rating fee	61	100	15	45
Printing and related costs	-	33	-	4
Amortisation of preliminary expenses and floatation costs	95	101	46	50
Other expenses	-	15	-	3
<b>Total expenses</b>	<b>31,834</b>	<b>9,954</b>	<b>16,535</b>	<b>5,452</b>
<b>Net income from operating activities</b>	<b>126,023</b>	<b>49,115</b>	<b>67,522</b>	<b>25,478</b>
Provision for workers' welfare fund	8	(2,520)	(1,350)	(509)
<b>Net income for the period before taxation</b>	<b>123,503</b>	<b>48,133</b>	<b>66,172</b>	<b>24,969</b>
Taxation	10	-	-	-
<b>Net income for the period after taxation</b>	<b>123,503</b>	<b>48,133</b>	<b>66,172</b>	<b>24,969</b>

The annexed notes 1 to 15 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, 2013

	Half Year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	-----Rupees in '000-----			
Net income for the period after taxation	123,503	48,133	66,172	24,969
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>123,503</u>	<u>48,133</u>	<u>66,172</u>	<u>24,969</u>

The annexed notes 1 to 15 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, 2013

Note	Half Year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
-----Rupees in '000-----				
<b>Undistributed income brought forward</b>				
Realised income	6,309	3,676	4,783	2,027
Unrealised income / (loss)	698	(1,432)	528	580
	<u>7,007</u>	<u>2,244</u>	<u>5,311</u>	<u>2,607</u>
Net income for the period after taxation	123,503	48,133	66,172	24,969
Distributions during the half year and quarter ended December 31, 2013 and December 31, 2012 respectively				
- Bonus units	12 (75,969)	(47,981)	(43,959)	(24,427)
- Cash distribution	(46,012)	(2)	(18,468)	(1)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	484	914	(43)	160
<b>Undistributed income carried forward</b>	<u>9,013</u>	<u>3,308</u>	<u>9,013</u>	<u>3,308</u>
<b>Undistributed income comprising:</b>				
Realised income	5,424	2,728	5,424	2,728
Unrealised income	3,589	580	3,589	580
	<u>9,013</u>	<u>3,308</u>	<u>9,013</u>	<u>3,308</u>

The annexed notes 1 to 15 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, 2013

	Half Year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
-----Rupees in '000-----				
<b>Net assets at the beginning of the period</b>	3,028,447	872,005	3,369,774	1,120,142
Issue of 109,638,640 units including 7,536,342 bonus units. (2012: 77,779,946 units including 4,764,047 bonus units)	1,032,219	737,893	428,073	397,400
Redemption of 66,679,745 units (2012:34,990,596 units)	(674,257)	(353,909)	(381,651)	(238,390)
	357,962	383,984	46,422	159,010
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(484)	(914)	43	(160)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	3,589	580	3,061	-
Capital (loss) / gain on sale of investments	(185)	213	(185)	-
Other operating income	120,099	47,340	63,296	24,969
<b>Net income for the period</b>	<b>123,503</b>	<b>48,133</b>	<b>66,172</b>	<b>24,969</b>
Issue of bonus units during the half year and quarter ended December 31, 2013 and December 31, 2012 respectively	75,969	47,981	43,959	24,427
<b>Less: Distributions made during the period</b>				
Distributions during the half year and quarter ended December 31, 2013 and December 31, 2012 respectively				
-Bonus units	(75,969)	(47,981)	(43,959)	(24,427)
-Cash distribution	(46,012)	(2)	(18,468)	(1)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	484	914	(43)	160
<b>Net assets as at the end of the period</b>	<b><u>3,463,900</u></b>	<b><u>1,304,120</u></b>	<b><u>3,463,900</u></b>	<b><u>1,304,120</u></b>

The annexed notes 1 to 15 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, 2013

	Half Year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
-----Rupees in '000-----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	123,503	48,133	66,172	24,969
<b>Adjustments</b>				
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(3,589)	(580)	(3,061)	-
Capital loss / (gain) on sale of investments - net	185	(213)	185	-
Amortisation of preliminary expenses and floatation costs	95	101	46	50
	<u>120,194</u>	<u>47,441</u>	<u>63,342</u>	<u>25,019</u>
<b>(Increase) / decrease in assets</b>				
Investments - net	282,935	(212,924)	116,977	(154,999)
Receivable against issue of units	1,513,571	-	815	-
Security deposit and prepayments	80	(20)	164	(44)
Profit receivable	(10,693)	(1,845)	5,717	5,032
	<u>1,785,893</u>	<u>(214,789)</u>	<u>123,673</u>	<u>(150,011)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	5,800	792	2,459	570
Payable to the Trustee	120	38	(8)	17
Payable to the Securities and Exchange Commission of Pakistan	326	(79)	644	223
Accrued expenses and other liabilities	2,479	1,070	(9,084)	1,074
	<u>8,725</u>	<u>1,821</u>	<u>(5,989)</u>	<u>1,884</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>1,914,812</u>	<u>(165,527)</u>	<u>181,026</u>	<u>(123,108)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	1,032,219	737,893	428,073	397,400
Payment on redemption of units	(674,167)	(355,938)	(389,601)	(237,592)
Distribution paid	(46,012)	(2)	(18,468)	(2)
<b>Net cash generated from financing activities</b>	<u>312,040</u>	<u>381,953</u>	<u>20,004</u>	<u>159,806</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>2,226,852</u>	<u>216,426</u>	<u>201,030</u>	<u>36,698</u>
Cash and cash equivalents at the beginning of the period	739,483	249,205	2,765,305	428,933
<b>Cash and cash equivalents at end of the period</b>	<u><u>2,966,335</u></u>	<u><u>465,631</u></u>	<u><u>2,966,335</u></u>	<u><u>465,631</u></u>

The annexed notes 1 to 15 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, 2013

### 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 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 the 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 (IFRS) 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 Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2013.

This condensed interim financial information is unaudited but has been subject to limited scope review by the auditors.

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, 2013.



# NAFA RIBA FREE SAVINGS FUND

## 2.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are effective in the current period

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 did not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

## 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2013.

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 the management in applying the 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, 2013.

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, 2013.

	Note	(Un-Audited) December 31, 2013	(Audited) June 30, 2013
Rupees in '000			
<b>4 BANK BALANCES</b>			
	4.1	15,460	22,328
Current accounts		<u>2,950,875</u>	<u>717,155</u>
Savings accounts		<u>2,966,335</u>	<u>739,483</u>

4.1 These carry profit at rates ranging from 6.50% to 10.00% (June 30, 2013: 6.00% to 11.80%) per annum.

	Note	(Un-Audited) December 31, 2013	(Audited) June 30, 2013
Rupees in '000			
<b>5 INVESTMENTS</b>			
<b>At fair value through profit or loss - held for trading</b>			
Government of Pakistan (GoP) Ijara Sukuks	5.1	485,187	566,718
Sukuk certificates	5.2	<u>-</u>	<u>198,000</u>
		<u>485,187</u>	<u>764,718</u>

# NAFA RIBA FREE SAVINGS FUND

## 5.1 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, 2013	Investment as a percentage of	
		As at July 01, 2013	Purchases during the period	Sale during the period	As at December 31, 2013		Net assets	Market value of total investments
						Rupees in '000	-----	-----
GoP Ijara Sukuk V	November 15, 2010	850	250	1,100	-	-	0.00%	0.00%
GoP Ijara Sukuk VI	December 20, 2010	180	40	220	-	-	0.00%	0.00%
GoP Ijara Sukuk VII	March 07, 2011	80	-	-	80	8,012	0.23%	1.65%
GoP Ijara Sukuk VIII	May 16, 2011	1,000	-	-	1,000	100,540	2.90%	20.72%
GoP Ijara Sukuk IX	December 26, 2011	1,717	150	-	1,867	188,524	5.44%	38.86%
GoP Ijara Sukuk X	March 02, 2012	400	-	-	400	40,444	1.17%	8.34%
GoP Ijara Sukuk XI	April 30, 2012	210	30	-	240	24,262	0.70%	5.00%
GoP Ijara Sukuk XII	June 28, 2012	500	-	-	500	50,565	1.46%	10.41%
GoP Ijara Sukuk XIII	September 18, 2012	470	-	-	470	47,578	1.37%	9.81%
GoP Ijara Sukuk XIV	March 28, 2013	250	-	-	250	25,263	0.73%	5.21%
						<u>485,187</u>		
Carrying Value as at December 31, 2013						481,598		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>3,589</u>		

## 5.2 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, 2013	Investment as a percentage of	
		As at July 01, 2013	Purchases during the period	Sale during the period	As at December 31, 2013		Net assets	Market value of total investments
						Rupees in '000	-----	-----
Hub Power Company Limited	March 13, 2013	25,000	-	25,000	-	-	0.00%	0.00%
Hub Power Company Limited	February 14, 2013	14,600	-	14,600	-	-	0.00%	0.00%
						<u>-</u>		
Carrying Value as at December 31, 2013						<u>-</u>		

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

(Un-Audited)                      (Audited)  
December                              June 30,  
31, 2013                                      2013  
Rupees in '000

## 6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company		3,623	1,585
Load Payable to the Management Company		1,509	1,039
Sindh Sales Tax payable on remuneration of the Management Company		871	259
Federal Excise Duty payable on remuneration of the Management Company	6.1	2,812	156
Sales Tax Payable on Sales Load		24	-
		<u>8,839</u>	<u>3,039</u>

6.1 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

Consequently, pending the decision of the SHC, the Fund has not made any payments in respect of FED although full provision is being made in the books of account.

# NAFA RIBA FREE SAVINGS FUND

## 7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013 and June 30, 2013.

## 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) / Pension Funds 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 Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. This response was contradictory to the earlier clarification issued by the Ministry. Show cause notices were then issued by the Federal Board of Revenue (FBR) to several mutual funds (CISs) / pension funds for the collection of WWF. In respect of such show cause notices, certain mutual funds (CISs) / pension funds have been granted stay by the Honorable SHC on the basis of the pending Constitutional Petition as referred to above.

In March 2013, a three member bench of the Sindh High Court in its judgment on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through the Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgment was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and pension funds, the issue of chargeability or otherwise of WWF levy to the CISs / pension funds is currently pending before the Honorable 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 as at December 31, 2013 amounting to Rs. 6.46 million (including Rs. 2.52 million for the current period) (June 30, 2013: Rs 3.94 million) in these financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs 0.0188.

## 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. No provision for taxation for the current period has been made in this condensed interim financial information as the Management Company intends to distribute the required minimum percentage of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unitholders.

## 11 EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended December 31, 2013 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.

# NAFA RIBA FREE SAVINGS FUND

## 12 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	Total
		Units	Amount	Distribution	
----- (Rupees in '000) -----					
Unit declared on July 30, 2013	0.0605	996,197	10,042	9,076	19,118
Unit declared on August 29, 2013	0.0605	1,038,690	10,468	9,076	19,544
Unit declared on September 27, 2013	0.0626	1,141,207	11,500	9,392	20,892
Unit declared on October 29, 2013	0.0626	1,157,653	11,666	9,392	21,058
Unit declared on November 28, 2013	0.0605	1,091,868	11,011	9,076	20,087
Unit declared on December 27, 2013	0.0626	2,110,727	21,282	-	21,282
		<u>7,536,342</u>	<u>75,969</u>	<u>46,012</u>	<u>121,981</u>

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 the profits earned by the Fund upto the 30th of each month.

## 13 TRANSACTIONS WITH CONNECTED PERSONS

- 13.1 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.
- 13.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 13.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 13.4 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, 2013	December 31, 2012	December 31, 2013	December 31, 2012
-----Rupees in '000-----			

### 13.5 Transactions during the period

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

Management remuneration for the period	20,932	6,761	10,725	3,713
Sindh sales tax on remuneration of the Management Company	3,910	1,082	2,277	594
FED on Management Company's Remuneration	3,349	-	1,716	-
Bonus units issued (173,584 units; 2012: 195,372 units)	-	-	-	-
Units redeemed / transferred out (Nil units; 2012: 1,202,006 units)	-	12,200	-	-

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

Bonus units issued (210,568 units; 2012: 458,564 units)	-	-	-	-
Units redeemed / transferred out (8,751,627 Units; 2012: Nil units)	88,487	-	88,487	-

#### MCBFSL - Trustee

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

Remuneration for the period	1,217	877	944	467
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#### Employees of Management Company

Bonus units issued (24,107 units; 2012: 7,186 units)	-	-	-	-
Units issued / transferred in (832,080 units; 2012: 323,958 units)	8,409	3,277	3,556	2,747
Units redeemed / transferred out (365,813 units; 2012: 314,959 units)	3,695	3,187	1,187	1,878

# NAFA RIBA FREE SAVINGS FUND

----- (Un-Audited) -----			
Half Year ended		Quarter ended	
December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----- Rupees in '000 -----			
<b>Company Secretary / CFO</b>			
Bonus units issued (366 units; 2012: 389 units)	-	-	-
Units issued / transferred in (13,560 units; 2012: 17,298 units)	137	175	-
Units redeemed / transferred out (Nil units; 2012: 16,937 units)	-	171	-
<b>National Bank of Pakistan</b>			
Bonus units issued (931,415 units; 2012: Nil units)	-	-	-
		(Un-Audited) December 31, 2013	(Audited) June 30, 2013
		----- Rupees in '000 -----	

## 13.6 Balances outstanding as at period / year end

<b>NBP Fullerton Asset Management Limited - Management Company</b>			
Remuneration payable		3,623	1,585
Sindh Sales Tax payable on remuneration of the Management Company		895	259
Federal Excise Duty on remuneration of the Management Company		2,812	156
Load payable		1,509	1,039
Units held (4,839,777 units; June 30, 2013: 4,666,193 units)		48,860	47,080
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Remuneration payable		289	-
CDS settlement charges payable		33	-
Security deposit		200	-
<b>MCBFSL - Trustee</b>			
Remuneration payable		-	132
<b>National Bank of Pakistan - Sponsor</b>			
Balance in current account		-	2,046
Units held (150,954,823 units; June 30, 2013: 150,023,408 units)		1,523,964	1,513,191
<b>Alexandra Fund Management Pte. Ltd. - Sponsor</b>			
Units held (Nil units; June 30, 2013: 8,541,059 units)		-	101,643
<b>Employees of Management Company</b>			
Units held (884,347 units; June 30, 2013: 374,644 units)		8,928	3,780
<b>Company Secretary / CFO</b>			
Units held (14,705 units; June 30, 2013 :779 units)		148	8

## 14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 13, 2014 by the Board of Directors of the Management Company.

## 15 GENERAL

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

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

*Your investments & "NAFA" grow together*



*Joint - Venture Partners*

## Head Office

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton, Karachi.

**UAN:** 111-111-NFA (632)

**Toll Free:** 0800-20001

**Fax:** (021) - 35825329

**Email:** [info@nafafunds.com](mailto:info@nafafunds.com)

**Website:** [www.nafafunds.com](http://www.nafafunds.com)