



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

QUARTERLY REPORT
MARCH 31
2014



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

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	07
CONDENSED INTERIM INCOME STATEMENT	08
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	09
CONDENSED INTERIM DISTRIBUTION STATEMENT	10
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	13

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

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, 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

DIRECTORS' REPORT

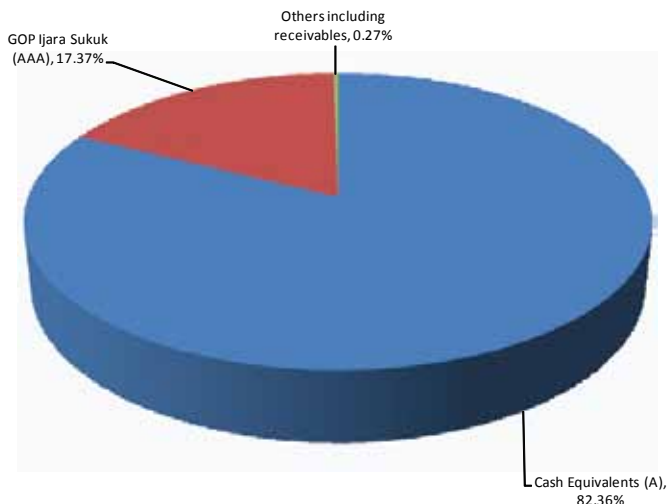
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Riba Free Savings Fund (NRFSF)** for the period ended March 31, 2014.

Fund's Performance

The size of NAFA Riba Free Savings Fund decreased from Rs. 3,028 million to Rs. 2,771 million during the period, i.e. a decline of 8.5%. During nine month period, the unit price of the Fund increased from Rs. 9.5463 (Ex - Div) on June 30, 2013 to Rs. 10.1054 on March 31, 2014, thus showing an annualized return of 7.80% as compared to its Benchmark (Average 6-Month Deposit Rate of A- and above rated Islamic banks) return of 6.69%. During the third quarter the Fund size decreased by 20.01%. During the quarter, the unit price of the Fund has increased from Rs. 9.9071 (Ex-Div) on December 31, 2013 to Rs. 10.1054 on March 31, 2014, thus showing an annualized return of 8.12% as compared to its Benchmark return of 6.70% 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 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 Fund has earned total income of Rs.237.01 million during the period. After deducting expenses of Rs.50.62 million, the net income is Rs.186.39 million. The asset allocation of the Fund as on March 31, 2014 is as follows:



NAFA RIBA FREE SAVINGS FUND

Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 5.55% of opening ex-NAV (5.6% 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: April 30, 2014
Place: Karachi.

NAFA RIBA FREE SAVINGS FUND

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

	Note	Un-Audited March 31, 2014	Audited June 30, 2013
		----- Rupees in '000 -----	
ASSETS			
Balances with banks		2,282,195	739,483
Investments	4	481,216	764,718
Prepayment and other receivables		208	300
Profit receivable		32,798	18,733
Preliminary expenses and floatation costs		291	431
Receivable against issue of units		-	1,513,571
Total assets		2,796,708	3,037,236
LIABILITIES			
Payable to the Management Company		9,849	3,039
Payable to the Trustee		276	169
Payable to Securities and Exchange Commission of Pakistan		1,846	930
Payable against redemption of units		5,394	200
Accrued expenses and other liabilities		8,454	4,451
Total liabilities		25,819	8,789
NET ASSETS		2,770,889	3,028,447
Unit holders' fund (As per statement attached)		2,770,889	3,028,447
CONTINGENCIES AND COMMITMENTS			
	6	-----Number of units-----	
Number of units in issue		274,199,221	300,153,817
		-----Rupees-----	
Net asset value per unit		10.1054	10.0897

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----				
INCOME				
Profit on bank deposits	190,787	30,221	63,740	11,343
Capital gain on sale of investments - net	(199)	213	(14)	-
Income on GOP Ijara Sukuks	38,793	59,578	11,387	20,180
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7,633	580	4,044	-
Total income	237,014	90,592	79,157	31,523
EXPENSES				
Remuneration of the Management Company	30,770	10,914	9,838	4,153
Sindh sales tax on remuneration of the Management Company	5,736	1,746	1,826	664
FED on remuneration of the Management Company	4,923	-	1,574	-
Remuneration of the Trustee	2,602	1,252	878	375
Annual fee - Securities and Exchange Commission of Pakistan	1,846	655	590	249
Annual listing fee	32	30	12	10
Securities transaction cost	45	55	3	4
Bank charges	143	307	2	91
Auditors' remuneration	385	382	81	90
Fund rating fee	145	150	84	50
Printing and related costs	31	33	31	-
Amortisation of preliminary expenses and floatation costs	141	151	46	50
Legal and professional charges	25	15	25	-
Total expenses	46,824	15,690	14,990	5,736
Net income from operating activities	190,190	74,902	64,167	25,787
Provision for workers' welfare fund	5 (3,804)	(1,498)	(1,284)	(516)
Net income for the period before taxation	186,386	73,404	62,883	25,271
Taxation	7 -	-	-	-
Net income for the period after taxation	186,386	73,404	62,883	25,271
Earnings per unit				

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	------(Rupees in '000)-----			
Net income for the period after taxation	186,386	73,404	62,883	25,271
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>186,386</u>	<u>73,404</u>	<u>62,883</u>	<u>25,271</u>

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----				
Undistributed income brought forward	7,007	2,244	9,013	3,308
Net income for the period after taxation	186,386	73,404	62,883	25,271
Interim distributions during the nine months and quarter ended March 31, 2014				
- Bonus units	(133,919)	(73,362)	(57,950)	(25,381)
- Cash Distribution	(46,015)	(8)	(3)	(6)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(2,145)	890	(2,629)	(24)
Undistributed income carried forward	<u>11,314</u>	<u>3,168</u>	<u>11,314</u>	<u>3,168</u>

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Note	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----				
Net assets at the beginning of the period	3,028,447	872,005	3,463,900	1,304,120
Issue of 149,841,677 units including 13,279,020 bonus units (2013: 106,007,166 units including 7,284,011 bonus units)	1,381,330	997,594	349,111	259,701
Redemption of 175,796,273 units (2013: 57,674,810 units)	(1,779,259)	(583,173)	(1,105,002)	(229,264)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(397,929)	414,421	(755,891)	30,437
- amount representing (income) / losses that form part of the unit holders' fund transferred to Distribution Statement	2,145	(890)	2,629	24
	2,145	(890)	2,629	24
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7,633	580	4,044	-
Capital gain on sale of investments	(199)	213	(14)	-
Other operating income	178,952	72,611	58,853	25,271
Net income for the period	186,386	73,404	62,883	25,271
Interim distributions				
Issue of bonus units during the nine months and quarter ended March 31,2014	8	133,919	73,362	57,950
Interim distributions during the nine months and quarter ended March 31,2014				
-Bonus units	8	(133,919)	(73,362)	(57,950)
-Cash Distribution	8	(46,015)	(8)	(6)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(2,145)	890	(2,629)	(24)
Net assets as at the end of the period	2,770,889	1,359,822	2,770,889	1,359,822

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	186,386	73,404	62,883	25,271
Adjustments				
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(7,633)	(580)	(4,044)	-
Gain on sale of investments - net	199	(213)	14	-
Amortisation of preliminary expenses and floatation costs	141	151	46	50
	<u>179,093</u>	<u>72,762</u>	<u>58,899</u>	<u>25,321</u>
(Increase) / decrease in assets				
Investments - net	290,936	(299,924)	8,001	(87,000)
Receivable against sale of Units	1,513,571	-	-	-
Advances, deposits, prepayments and other receivables	92	(180)	12	(160)
Profit receivable	(14,065)	(12,462)	(3,372)	(10,617)
	<u>1,790,534</u>	<u>(312,566)</u>	<u>4,641</u>	<u>(97,777)</u>
Increase / (decrease) in liabilities				
Payable to the Management Company	6,810	1,305	1,010	513
Payable to the Trustee	107	3	(13)	(35)
Payable to Securities and Exchange Commission of Pakistan	916	170	590	249
Accrued expenses and other liabilities	4,002	1,717	1,523	647
	<u>11,835</u>	<u>3,195</u>	<u>3,110</u>	<u>1,374</u>
Net cash generated from / (used in) from operating activities	<u>1,981,462</u>	<u>(236,609)</u>	<u>66,650</u>	<u>(71,082)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issue of units	1,381,330	997,594	349,111	259,701
Payment on redemption of units	(1,774,065)	(586,008)	(1,099,898)	(230,070)
Distribution paid	(46,015)	(8)	(3)	(6)
Net cash (used in) / generated from financing activities	<u>(438,750)</u>	<u>411,578</u>	<u>(750,790)</u>	<u>29,625</u>
Net increase in cash and cash equivalents during the period	<u>1,542,712</u>	<u>174,969</u>	<u>(684,140)</u>	<u>(41,457)</u>
Cash and cash equivalents at the beginning of the period	739,483	249,205	2,966,335	465,631
Cash and cash equivalents at end of the period	<u><u>2,282,195</u></u>	<u><u>424,174</u></u>	<u><u>2,282,195</u></u>	<u><u>424,174</u></u>

The annexed notes 1 to 12 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 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UNAUDITED)

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.

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 March 31, 2014.

3 SIGNIFICANT 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.

NAFA RIBA FREE SAVINGS FUND

	Note	Un-Audited March 31, 2014	Audited June 30, 2013
		Rupees in '000	
4 INVESTMENTS			
At fair value through profit or loss - held for trading			
Government of Pakistan Ijarah Sukuks	4.1	481,216	566,718
Sukuks	4.2	-	198,000
		<u>481,216</u>	<u>764,718</u>

4.1 Government of Pakistan Ijara Sukuks - at fair value through profit or loss

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

Name of the investee company	Issue Date	Number of certificates				Market value as at March 31, 2014	Investment as a percentage of	
		As at July 01, 2013	Purchases during the period	Sales during the period	As at March 31, 2014		Net assets	Market value of total investments
						Rupees in '000	-----%-----	
GoP Ijara Sukuk V	November 15, 2010	850	-	850	-	-	-	-
GoP Ijara Sukuk VI	December 20, 2010	180	-	180	-	-	-	-
GoP Ijara Sukuk VII	March 07, 2011	80	-	80	-	-	-	-
GoP Ijara Sukuk VIII	May 16, 2011	1,000	-	-	1,000	100,510	3.63%	20.89%
GoP Ijara Sukuk IX	December 26, 2011	1,717	150	-	1,867	189,981	6.86%	39.48%
GoP Ijara Sukuk X	March 02, 2012	400	-	-	400	40,800	1.47%	8.48%
GoP Ijara Sukuk XI	April 30, 2012	210	30	-	240	24,590	0.89%	5.11%
GoP Ijara Sukuk XII	June 28, 2012	500	-	-	500	51,375	1.85%	10.68%
GoP Ijara Sukuk XIII	September 18, 2012	470	-	-	470	48,250	1.74%	10.03%
GoP Ijara Sukuk XIV	March 28, 2013	250	-	-	250	25,710	0.93%	5.34%
						<u>481,216</u>		
Carrying Value as at March 31, 2014						473,583		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>7,633</u>		

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

Name of the investee company	Issue Date	Number of certificates				Market value as at March 31, 2014	Investment as a percentage of	
		As at July 01, 2013	Purchases during the period	Sales during the period	As at March 31, 2014		Net assets	Market value of total investments
						Rupees in '000	-----%-----	
Hub Power Company Limited	March 13, 2013	-	25,000	25,000	-	-	-	-
Hub Power Company Limited	February 14, 2013	-	14,600	14,600	-	-	-	-
						<u>-</u>		
Carrying Value as at March 31, 2014						-		

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

5 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / 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.

NAFA RIBA FREE SAVINGS FUND

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 March 31, 2014 amounting to Rs. 7.74 million (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 0.0282.

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2014 and June 2013.

7 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. 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.

8 INTERIM DISTRIBUTIONS

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

Date	Rate Per Unit	Bonus		Cash Distribution	Total
		Units	Amount		
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
Unit declared on January 29, 2014	0.0656	2,202,360	22,217	-	22,217
Unit declared on February 28, 2014	0.0656	1,932,338	19,497	2	19,499
Unit declared on March 28, 2014	0.0695	1,642,287	16,236	1	16,237
		13,313,327	133,919	46,015	179,934

As per clause 11 of the Trust Deed and clause 5 of the Offering Document, the Management Company on behalf of the Fund, on a monthly basis (except June) distributes cash dividend, bonus, partially cash / bonus or in any other form acceptable to the Commission (such as bonus units) that may qualify under the tax laws. Net income (after deducting all the expenses of the Fund) earned upto 30th of each month may be distributed by the Management Company. The Board of Directors on April 19, 2012 have passed a resolution providing standing authorisation to the Chief Executive Officer to approve and declare interim dividends out of profits earned by the Fund upto the 30th of each month.

NAFA RIBA FREE SAVINGS FUND

9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 9.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

-----Un-Audited-----			
Nine month ended		Quarter ended	
March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----			

9.5 Transactions during the period

NBP Fullerton Asset Management Limited - Management Company

Management remuneration for the period	30,770	10,914	9,838	4,153
Sindh sales tax on remuneration of the Management Company	5,736	1,746	1,826	664
FED on remuneration of the Management Company	4,923	-	1,574	-
Bonus units issued 265,619 units; (2013: 281,270 units)	-	-	-	-
Units redeemed / transferred out Nil units; (2013: 1,202,006 units)	-	12,200	-	2,000

Alexandra Fund Management Pte. Ltd. - Sponsor

Bonus units issued (210,568 units; 2013: 660,181 units)	-	-	-	-
Units redeemed / transferred out (8,751,627 Units; 2012: Nil units)	88,487	-	-	-

MCB Financial Services Limited- Ex.Trustee

Remuneration	507	321	-	-
--------------	-----	-----	---	---

Central Depository Company of Pakistan Limited - Trustee

Remuneration	2,095	931	878	54
--------------	-------	-----	-----	----

Employees of Management Company

Bonus units issued 34,061 units; (2013: 12,798 units)	-	-	-	-
Units issued / transferred in 1,073,261 units; (2013: 542,078 units)	10,851	5,481	2,442	2,204
Units redeemed / transferred out 1,107,099 units; (2013: 355,005 units)	11,199	3,591	7,504	404

Company Secretary / CFO

Bonus units issued 523 units;(2013: 404 units)	-	-	-	-
Units issued / transferred in 13,560 units; (2013: 17,298 units)	137	175	-	-
Units redeemed / transferred out 9,887 units; (2013: 16,937 units)	100	171	-	-

National Bank of Pakistan - Sponsor

Bonus units issued (3,802,043 units; 2013: Nil units)	-	-	-	-
Distribution paid	36,936	-	-	-

NAFA RIBA FREE SAVINGS FUND

	(Un-Audited) March 31, 2014	(Audited) As at June 30, 2013
	(Rupees in '000)	
10 Balances outstanding as at period / year end		
NBP Fullerton Asset Management Limited - Management Company		
Remuneration payable	2,991	1,585
Sindh sales tax payable on remuneration of the Management Company	637	259
FED payable on remuneration of the Management Company	4,422	156
Sales load/Transfer Load payable	1,799	1,039
Investment held in the Fund (4,931,813 units; June 30, 2013: 4,580,047 units)	49,838	47,080
MCB Financial Services Limited- Trustee - Ex- Trustee		
Remuneration payable	-	132
Security deposit	100	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	276	-
CDS settlement charges payable	38	-
Security deposit	100	-
National Bank of Pakistan - Sponsor		
Units held: 153,825,451 units (June 30, 2013: 150,023,408 units)	1,554,468	1,513,691
Balance in current account	-	-
Alexandra Fund Management Pte. Ltd. - Sponsor		
Investment held in the Fund Nil units; (June 30, 2013: Nil units)	-	-
Employees of Management Company		
Investment held in the Fund (394,195 units; June 30, 2013: 382,227 units)	3,984	3,780
Company Secretary / CFO		
Units held 4,975 units; (June 30, 2013 : 765 units)	50	8
The Hub Power Company Limited		
Short term Islamic Sukuk held	-	198,000
Summit Bank Ltd.		
Balance in current account	1,179	-

11 DATE OF AUTHORISATION FOR ISSUE

This financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2014.

12 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Website: www.nafafunds.com