

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

NBP Fund Management Limited



NBP RIBA FREE SAVINGS FUND

HALF YEARLY REPORT
DECEMBER 31, 2022

AM1
Rated by PACRA



MISSION STATEMENT

"To become country's most
investor-focused company,
by assisting investors
in achieving their financial goals."



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Saad Amanullah Khan	Director
Mr. Ruhail Muhammad	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Ruhail Muhammad	Chairman
Mr. Saad Amanullah Khan	Member
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Saad Amanullah Khan	Member

Strategy & Business Planning Committee

Mr. Saad Amanullah Khan	Chairman
Mr. Tauqeer Mazhar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Khalid Mansoor	Member

Trustee

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

Bankers to the Fund

Al Baraka Islamic Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
United Bank Limited



Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

Legal Advisor

Akhund Forbes
D-21, Block 4, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.nbpfunds.com

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

Khan Center, 1st Floor,
Abdali Road, Multan.
Phone No. : 061-4540301-6, 061-4588661-2&4

DIRECTORS' REPORT

The Board of Directors of **NBP Fund Management Limited** is pleased to present the reviewed financial statements of **NBP Riba Free Savings Fund (NRFSF)** for the half year ended December 31, 2022.

Fund's Performance

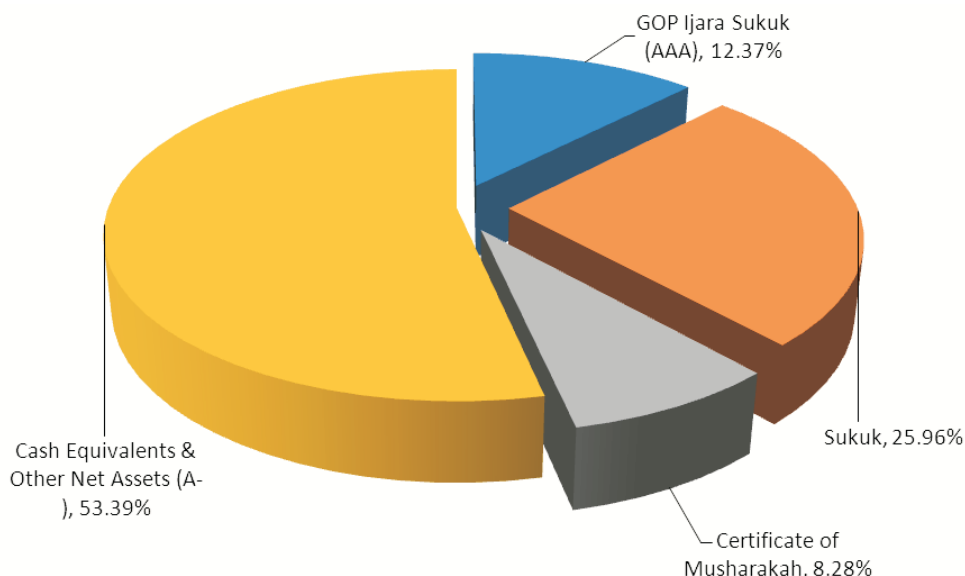
During 1HFY23, Monetary Policy Committee (MPC) held four meetings and raised the policy rate by 225 basis points to 16%, with a view to anchor the inflationary pressures, achieve price stability - ensuring economic sustainability and easing pressure on currency. However, inflation expectations have been raised in anticipation of tough measures that may follow post re-entry into the IMF Program. According to SBP, rising input costs due to global & domestic supply shocks could de-anchor inflation expectations and undermine (medium-short term) growth.

Despite the administrative contraction in the current account deficit, external account management still looks challenging whereas these measures have also created supply-chain bottlenecks. Also, the production cuts by firms due to supply constraints have resulted in decline in LSM growth. The lack of fresh financial inflows and ongoing debt repayments have led to a continuous drawdown in official reserves. The net liquid foreign exchange reserves with SBP were recorded at USD 5.6 billion in December 2022 (depleting by USD 4.2 billion during 1HFY23), posing challenges and risks to the financial stability and fiscal consolidation.

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 '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 size of NBP Riba Free Savings Fund has decreased from Rs. 2,793 million to Rs. 1,811 million during the period, a decline of 35%. During the period, the unit price of the Fund has increased from Rs. 10.2667 on June 30, 2022 to Rs. 10.9252 on December 31, 2022 thus showing a return of 12.7% p.a. as compared to the benchmark return of 5.4% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 181.28 million during the period. After deducting total expenses of Rs. 27.57 million, the net income is Rs. 153.71 million. The asset allocation of NRFSF as on December 31, 2022 is as follows:





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 Fund Management Limited

Chief Executive Officer

Director

Date: **February 21, 2023**

Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے لئے NBP ریفارٹری سیونگز فنڈ (NRFSF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

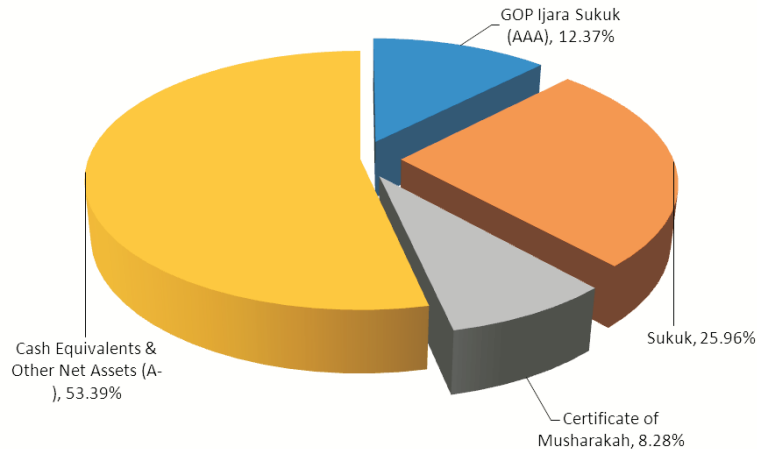
مالی سال 23 کی پہلی ششماہی کے دوران، مانیٹری پالیسی کمیٹی (MPC) کے چار اجلاس منعقد ہوئے اور افراط زر کے دباؤ کو قابو کرنے، قیمتوں کا استحکام حاصل کرنے، اقتصادی استحکام کو یقینی بنانے اور کرنسی پر دباؤ کو کم کرنے کے مقصد سے پالیسی شرح کو 225 بیس پوائنٹس سے بڑھا کر 16 فیصد کر دیا گیا۔ تاہم IMF پروگرام میں دوبارہ داخلہ کے باعث متوقع سخت اقدامات کے باعث افراط زر کی توقعات میں مزید اضافہ ہو گیا۔ SBP کے مطابق، عالمی اور ملکی فراہمی کے خطرات کی وجہ سے مہنگائی پیداواری اخراجات کو بڑھارہی ہے، جو افراط زر کی توقعات کو کم اور (درمیانی مختصر مدت) نمونو کو کم کر سکتی ہے۔

کرنٹ اکاؤنٹ خسارہ میں انتظامی سکڑاؤ کے باعث بیرونی کھاتوں کا انتظام اب بھی چیلنجنگ نظر آتا ہے جبکہ ان اقدامات نے سپلائی چین میں رکاوٹیں بھی پیدا کی ہیں۔ نیز سپلائی کی ان رکاوٹوں کی وجہ سے فرمز کی طرف سے پیداوار میں کمی کے نتیجے میں LSM کی نمونوں کی واقع ہوئی ہے۔ فریش مالی رقوم کی کمی اور قرضوں کی جاری ادائیگیاں سرکاری ذخائر میں مسلسل کمی کا باعث بنی۔ دسمبر 2022 میں اسٹیٹ بینک نے خالص غیر ملکی زرمبادلہ کے ذخائر 5.6 بلین امریکی ڈالر ریکارڈ کیے (1HFY23 میں 4.2 بلین امریکی ڈالر کی کمی)، جو مالی اور مالیاتی استحکام کے لیے چیلنج اور خطرات پیدا کر رہے ہیں۔

NRFSF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ سے کوئی بالواسطہ یا بلاواسطہ ایکسپوزیشن نہیں۔ فنڈ کو PACRA کی طرف سے A+(f) کی اسٹیٹیلٹی ریٹنگ دی گئی ہے جو منافع جات میں استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد اسلامی بینکوں / کمرشل بینکوں کی اسلامی ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے تو اترا سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا ہے۔

NBP ریفارٹری سیونگز فنڈ کا ساڑھے تین سالہ مدت کے دوران 2,793 ملین روپے سے کم ہو کر 1,811 ملین روپے ہو گیا ہے یعنی 35% کی کمی ہوئی ہے۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 10.2667 روپے سے بڑھ کر 31 دسمبر 2022 کو 10.9252 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اپنے پنچ مارک منافع 5.4% کے مقابلے میں 12.7% منافع درج کرایا۔ فنڈ کی کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے اس مدت کے دوران 181.28 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 27.57 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 153.71 ملین روپے رہی۔ 31 دسمبر 2022 کو NRFSF کی ایسٹ ایلویشن حسب ذیل ہے۔





اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمیٹی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ اینڈریج کمیٹی آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور رٹرنی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنانس مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

تاریخ: 21 فروری 2023ء

مقام: کراچی

ڈائریکٹر



TRUSTEE REPORT TO THE UNIT HOLDERS

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 NBP Riba Free Savings Fund (the Fund) are of the opinion that NBP Fund 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, 2022 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 27, 2023



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Riba Free Savings Fund** (the Fund) as at December 31, 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the half year ended December 31, 2022, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement for the quarter ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

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 condensed interim financial statements 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 statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 27, 2023

UDIN: RR202210061HBla8Eq70



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2022

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	
ASSETS		
Bank balances	4 959,892	1,954,436
Investments	5 843,965	898,769
Profit receivable	37,624	40,215
Receivable against issuance of units	15	481
Deposits and prepayments	214	487
Total assets	1,841,710	2,894,388
LIABILITIES		
Payable to NBP Fund Management Limited - the Management Company	6 19,148	21,135
Payable to Central Depository Company of Pakistan Limited - the Trustee	137	196
Payable to the Securities and Exchange Commission of Pakistan	7 250	703
Payable against redemption of units	4,835	40,689
Accrued expenses and other liabilities	8 6,548	38,411
Total liabilities	30,918	101,134
NET ASSETS	<u>1,810,792</u>	<u>2,793,254</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u>1,810,792</u>	<u>2,793,254</u>
CONTINGENCIES AND COMMITMENTS	9	
NUMBER OF UNITS IN ISSUE	----- (Number of units) -----	
	<u>165,744,058</u>	<u>272,070,677</u>
NET ASSET VALUE PER UNIT	----- (Rupees) -----	
	10 <u>10.9252</u>	<u>10.2667</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
INCOME				
Income on corporate sukuk certificates	37,975	11,758	20,462	6,497
Income on term deposit receipts	-	21,962	-	7,318
Income on Islamic commercial papers	184	17,134	-	6,851
Income on GoP Ijarah sukuk certificates	17,286	23,285	17,286	12,316
Income on certificates of musharakah	6,212	-	6,083	-
Profit on bank balances	122,624	79,680	52,484	48,159
	184,281	153,819	96,315	81,141
Loss on sale of investments - net	(495)	(3,288)	-	(3,288)
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - net	5.5 (2,503)	1,950	(1,216)	(2,163)
	(2,998)	(1,338)	(1,216)	(5,451)
Total income	181,283	152,481	95,099	75,690
EXPENSES				
Remuneration of NBP Fund Management Limited - the Management Company	6.1 10,060	10,340	4,770	5,105
Sindh sales tax on remuneration of the Management Company	6.2 1,308	1,344	620	663
Reimbursement of selling and marketing expenses	6.5 11,877	15,944	5,496	8,389
Reimbursement of allocated expenses	6.4 1,563	2,490	723	1,229
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	938	1,494	434	738
Sindh sales tax on remuneration of the Trustee	122	194	57	96
Annual fee to the Securities and Exchange Commission of Pakistan	7.1 250	398	116	196
Settlement and bank charges	305	246	132	96
Auditors' remuneration	564	602	298	354
Annual rating fee	287	261	144	131
Legal and professional charges	68	311	30	200
Annual listing fee	14	14	7	7
Printing charges	29	68	11	59
Shariah advisor fee	192	271	100	107
Total operating expenses	27,577	33,977	12,938	17,370
Net income from operating activities	153,706	118,504	82,161	58,320
Reversal of Sindh Workers' Welfare Fund - net	-	34,128	-	-
Net income for the period before taxation	153,706	152,632	82,161	58,320
Taxation	11 -	-	-	-
Net income for the period after taxation	153,706	152,632	82,161	58,320
Earnings per unit	12			
Allocation of net income for the period:				
Net income for the period after taxation	153,706	152,632		
Income already paid on units redeemed	(50,883)	(34,341)		
	102,823	118,291		
Accounting income available for distribution				
- Relating to capital gains	-	-		
- Excluding capital gains	102,823	118,291		
	102,823	118,291		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Net income for the period after taxation	153,706	152,632	82,161	58,320
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>153,706</u>	<u>152,632</u>	<u>82,161</u>	<u>58,320</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended December 31, 2022			Half year ended December 31, 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at the beginning of the period (audited)	2,739,798	53,456	2,793,254	4,279,800	47,198	4,326,998
Issue of 28,281,924 units (2021: 61,915,094 units)						
- Capital value (at ex-net asset value per unit)	290,362	-	290,362	634,172	-	634,172
- Element of income	9,519	-	9,519	14,055	-	14,055
Total proceeds on issuance of units	299,881	-	299,881	648,227	-	648,227
Redemption of 134,608,543 units (2021: 168,959,995 units)						
- Capital value (at ex-net asset value per unit)	(1,381,986)	-	(1,381,986)	(1,730,590)	-	(1,730,590)
- Element of loss	(3,180)	(50,883)	(54,063)	(4,531)	(34,341)	(38,872)
Total payments on redemption of units	(1,385,166)	(50,883)	(1,436,049)	(1,735,121)	(34,341)	(1,769,462)
Total comprehensive income for the period	-	153,706	153,706	-	152,632	152,632
Net assets at the end of the period (un-audited)	<u>1,654,513</u>	<u>156,279</u>	<u>1,810,792</u>	<u>3,192,906</u>	<u>165,489</u>	<u>3,358,395</u>
Undistributed income brought forward						
- Realised income		53,231			44,948	
- Unrealised income		<u>225</u>			<u>2,250</u>	
		53,456			47,198	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		<u>102,823</u>			<u>118,291</u>	
		102,823			118,291	
Distribution during the period		-			-	
Undistributed income carried forward		<u>156,279</u>			<u>165,489</u>	
Undistributed income carried forward						
- Realised income		158,782			163,539	
- Unrealised (loss) / income		<u>(2,503)</u>			<u>1,950</u>	
		<u>156,279</u>			<u>165,489</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			<u>10.2667</u>			<u>10.2426</u>
Net asset value per unit at the end of the period			<u>10.9252</u>			<u>10.6478</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	153,706	152,632
Adjustments:		
Income on corporate sukuk certificates	(37,975)	(11,758)
Income on term deposit receipts	-	(21,962)
Income on Islamic commercial papers	(184)	(17,134)
Income on GoP Ijarah sukuk certificates	(17,286)	(23,285)
Income on certificates of musharakah	(6,212)	-
Profit on bank balances	(122,624)	(79,680)
Unrealised diminution / (appreciation) on re-measurement of investments at fair value through profit or loss - net	2,503	(1,950)
Reversal of against Sindh Workers' Welfare Fund - net	-	(34,128)
	(181,778)	(189,897)
Decrease in assets		
Investments - net	202,301	194,419
Deposits and prepayments	273	247
	202,574	194,666
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - the Management Company	(1,987)	450
Payable to Central Depository Company of Pakistan Limited - the Trustee	(59)	(35)
Payable to the Securities and Exchange Commission of Pakistan	(453)	(607)
Accrued expenses and other liabilities	(31,863)	(36,865)
	(34,362)	(37,057)
Profit received on bank deposits, term deposit receipts, corporate sukuk certificates, Islamic commercial papers, GoP Ijarah sukuk certificates and certificates of musharakah	186,872	147,510
Net cash generated from operating activities	327,012	267,854
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	300,347	651,270
Net payment against redemption of units	(1,471,903)	(1,897,079)
Net cash used in financing activities	(1,171,556)	(1,245,809)
Net decrease in cash and cash equivalents during the period	(844,544)	(977,955)
Cash and cash equivalents at the beginning of the period	1,954,436	3,627,066
Cash and cash equivalents at the end of the period	1,109,892	2,649,111

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 20221

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Riba Free Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 18, 2010, in accordance with the Non-Banking and Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the constitution of Pakistan. The Fund was required to be registered under the Sindh Trust Act. Accordingly, on October 18, 2021 the above-mentioned Trust Deed was registered under the Sindh Trust Act.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended Shariah compliant income scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 21, 2010 and are transferable and redeemable by surrendering them to the Fund.

The investment 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 (PACRA) has reaffirmed the asset manager rating of the Management Company of AM1 (June 30, 2022: AM1) on June 22, 2022. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of the Fund to A+(f) (June 30, 2022: A+(f) on April 19, 2022) on October 19, 2022.

The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- 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 the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

2.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2022.

2.3 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 these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at and for the half year ended December 31, 2022.

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

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2022.

3.2 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, 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. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the annual audited financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2022.

3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.



3.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2023. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		------(Rupees in '000)-----	
4	BANK BALANCES		
	Balances with banks in:		
	Savings accounts	4.1 943,929	1,934,143
	Current accounts	4.2 15,963	20,293
		<u>959,892</u>	<u>1,954,436</u>

4.1 These include balances of Rs. 0.357 million (June 30, 2022: Rs 0.831 million) and Rs 4.635 million (June 30, 2022: Rs 339.820 million) maintained with National Bank of Pakistan and BankIslami Pakistan Limited (related parties) that carry profit at the rates of 15.5% (June 30, 2022: 12.25%) and 15.00% (June 30, 2022: 15.25%) per annum respectively. Other savings accounts of the Fund carry profit at the rates ranging from 6% to 15.75% per annum (June 30, 2022: 6.5% to 16% per annum).

4.2 This includes a balance of Rs 2.729 million (June 30, 2022: Nil) maintained with BankIslami Pakistan Limited (related party).

4.3 Cash and cash equivalents:

Bank balances	4	959,892	1,954,436
Certificates of musharakah	5.3	150,000	-
		<u>1,109,892</u>	<u>1,954,436</u>

5 INVESTMENTS

Financial assets at 'fair value through profit or loss'

Government securities	5.1	223,965	322,028
Islamic commercial papers	5.2	-	49,816
Certificates of musharakah	5.3	150,000	-
Short term sukuk certificates	5.4	470,000	526,925
		<u>843,965</u>	<u>898,769</u>

5.1 Government securities

Name of the security	Profit payments	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Sold during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised / diminution appreciation	Percentage in relation to	
											net assets of the Fund	total market value of investments of the Fund
						----- Number of certificates-----		----- Rupees in '000 -----		----- % -----		
GoP Ijarah sukuk XX (Face value of Rs. 100,000 per certificate)	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	20,000	-	20,000	-	-	-	-	-	-
GoP Ijarah sukuk XXI (Face value of Rs. 100,000 per certificate)	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	45,000	-	-	45,000	225,068	223,965	(1,103)	12.37%	26.54%
Total as at December 31, 2022 (un-audited)								<u>225,068</u>	<u>223,965</u>	<u>(1,103)</u>	<u>12.37%</u>	<u>26.54%</u>
Total as at June 30, 2022 (audited)								<u>321,528</u>	<u>322,028</u>	<u>500</u>	<u>11.53%</u>	<u>35.83%</u>



5.2 Islamic commercial papers

Name of the investee company	Face value				Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation	Percentage in relation to	
	As at July 1, 2022	Purchased during the period	Disposed off / matured during the period	As at December 31, 2022				net assets of the Fund	total market value of investments of the Fund
Rupees in '000									
POWER GENERATION & DISTRIBUTION									
Lucky Electric Power Company Limited ICP - 2 (AA-, PACRA)	50,000	-	50,000	-	-	-	-	-	-
Total as at December 31, 2022 (un-audited)									
Total as at June 30, 2022 (audited)					49,816	49,816	-	1.78%	5.54%

5.3 Certificates of musharakah

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Matured during the period	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation	Percentage in relation to	
										net assets of the Fund	total market value of investments of the Fund
(Rupees in '000)											
MODARABA			%								
First Habib Modaraba	AA+, PACRA	December 20, 2022	15.75%	-	150,000	150,000	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	March 20, 2023	16.75%	-	150,000	-	150,000	150,000	-	8.28%	17.77%
Total as at December 31, 2022 (un-audited)							150,000	150,000	-	8.28%	17.77%
Total as at June 30, 2022 (audited)											

5.4 Short term sukuk certificates

Name of security	Rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Matured / disposed off during the period	As at December 31, 2022	Market value as at December 31, 2022	Market value as a percentage of	
										net assets of the Fund	total investments
Number of certificates											
(Rupees in '000)											
POWER GENERATION AND DISTRIBUTION											
K-Electric Limited - short-term sukuk - 1 (Face value of Rs. 1,000,000 per certificate) (traded)	AA, PACRA	Semi-annually	August 4, 2022	Weighted average 6 months TFCs	100	-	-	100	-	-	-
K-Electric Limited - short-term sukuk - 2 (Face value of Rs. 1,000,000 per certificate) (non-traded)	AA, PACRA	Semi-annually	August 15, 2022	Weighted average 6 months TFCs	75	-	-	75	-	-	-
K-Electric Limited - short-term sukuk - 6 (Face value of Rs. 1,000,000 per certificate) (non-traded)	AA, PACRA	Semi-annually	October 27, 2022	Weighted average 6 months TFCs	75	-	-	75	-	-	-
K-Electric Limited - short-term sukuk - 7 (Face value of Rs. 1,000,000 per certificate) (non-traded)	AA, PACRA	Semi-annually	February 10, 2023	Weighted average 6 months TFCs	-	70	-	70	70,000	3.87%	8.29%
K-Electric Limited - short-term sukuk - 8 (Face value of Rs. 1,000,000 per certificate) (non-traded)	AA, PACRA	Semi-annually	February 28, 2023	Weighted average 6 months TFCs	-	75	-	75	75,000	4.14%	8.89%
K-Electric Limited - short-term sukuk - 9 (Face value of Rs. 1,000,000 per certificate) (non-traded)	AA, PACRA	Semi-annually	March 21, 2023	Weighted average 6 months TFCs	-	125	-	125	125,000	6.90%	14.81%
Pakistan Energy Sukuk-II (Face value of Rs. 5,000 per certificate)	Unrated	Semi-annually / At maturity	May 20, 2030	6 months KIBOR minus base rate of 0.10%	55,000	-	15,000	40,000	200,000	11.04%	23.70%
Market value as at December 31, 2022									470,000	25.96%	55.69%
Carrying value as at December 31, 2022									471,400		
Market value as at June 30, 2022 (audited)									526,925		
Carrying value as at June 30, 2022 (audited)									527,200		



		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		------(Rupees in '000)-----	
5.5	Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss-net		
			Note
	Market value of investments	843,965	898,769
	Less: carrying value of investments	(846,468)	(898,544)
		<u>(2,503)</u>	<u>225</u>
6	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY		
	Remuneration payable to the Management Company	1,410	1,778
	Sindh sales tax payable on remuneration of the Management Company	184	232
	Federal excise duty on remuneration of the Management Company	10,657	10,657
	Federal excise duty on sales load	334	334
	Sales and transfer load payable	174	235
	Sindh sales tax on sales load payable	23	31
	Reimbursement of allocated expenses payable	724	904
	Reimbursement of selling and marketing expenses payable	5,495	6,864
	ADC charges payable including Sindh sales tax	147	100
		<u>19,148</u>	<u>21,135</u>

6.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at 6% of net income of the Fund subject to floor and capping of 0.5% and 1.25% per annum of average annual net assets respectively (June 30, 2022: 6% of net income of the Fund subject to floor and capping of 0.5% and 1.25% per annum of average annual net assets) during the period ended December 31, 2022. The remuneration is payable to the Management Company in arrears.

6.2 During the period, an amount of Rs. 1.308 million (December 31, 2021: Rs. 1.344 million) was charged on account of sales tax on management fee levied through the Sindh Sales tax on Services Act, 2011 at the rate of 13% (December 31, 2021: 13%).

6.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.



During the year ended June 30, 2017, SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan (SCP) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 10.657 million (June 30, 2022: Rs 10.657 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2021 would have been higher by Re 0.0643 (June 30, 2022: Re 0.0392) per unit.

- 6.4** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its discretion has charged accounting and operational charges under the following rates:

Rate applicable from July 1, 2022 to December 31, 2022	Rate applicable from July 1, 2021 to June 30, 2022
0.125% of average annual net assets	0.125% of average annual net assets

- 6.5** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

Rate applicable from July 1, 2022 to December 31, 2022	Rate applicable from July 1, 2021 to August 15, 2021	Rate applicable from August 16, 2021 to November 11, 2021	Rate applicable from November 12, 2021 to March 6, 2022	Rate applicable from March 7, 2022 to July 30, 2022
0.95% of average annual net assets	0.7% of average annual net assets	0.8% of average annual net assets	0.9% of average annual net assets	0.95% of average annual net assets

7	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	(Un-audited)	(Audited)
			December 31, 2022	June 30, 2022
			----- (Rupees in 000) -----	
	Annual fee payable	7.1	250	703

- 7.1** Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (June 30, 2022: 0.02%) of the average annual net assets of the Fund.



	(Un-audited) December 31, 2022	(Audited) June 30, 2022
8 ACCRUED EXPENSES AND OTHER LIABILITIES	------(Rupees in '000)-----	
Auditors' remuneration payable	575	654
Bank charges payable	102	67
Settlement charges payable	73	64
Withholding tax payable	29	34,894
Capital gain tax payable	5,060	1,995
Legal and professional charges payable	105	160
Shariah advisor fee payable	198	525
Printing charges payable	63	52
Other payables	343	-
	6,548	38,411

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

10 NET ASSET VALUE PER UNIT

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

11 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2023 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these condensed interim financial statements during the period.

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.

12 EARNINGS PER UNIT

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

13 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 2.21% (December 31, 2021: 1.71%) which includes 0.13% (December 31, 2021: 0.1%) representing government levy, sales tax and annual fee to the SECP. The prescribed limit for the ratio is 2.5% (December 31, 2021: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a Shariah compliant income scheme.



14 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 14.1** Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes management by the Management Company, directors and key management personnel of the Management Company and other associated companies. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund or capital of the Management Company
- 14.2** Transactions with related parties / connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to related parties / connected persons. The transactions with related parties / connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.
- 14.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 14.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 14.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 14.6** Details of transactions with related parties / connected persons during the period are as follows:

	----- (Un-audited) -----	
	Half year ended	
	December 31,	December 31,
	2022	2021
	----- (Rupees in '000) -----	
NBP Fund Management Limited - the Management Company		
Remuneration of the Management Company	10,060	10,340
Sindh Sales Tax on remuneration of the Management Company	1,308	1,344
Reimbursement of selling and marketing expenses	11,877	15,944
Reimbursement of allocated expenses	1,563	2,490
Sales load and Sindh Sales Tax on sales load	475	1,254
ADC charges paid including Sindh sales tax during the period	102	60
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Trustee	938	1,494
Sindh sales tax on remuneration of the Trustee	122	194
Settlement charges	9	4
Employees of the Management Company		
Units issued / transferred in: 611,623 units (2021: 1,069,720 units)	6,449	11,390
Units redeemed / transferred out: 752,419 units (2021: 1,289,507 units)	7,918	13,381
BankIslami Pakistan Limited - common directorship		
Profit on bank balance	24,075	5,032
Profit on term deposit receipts	-	18,344
Placement in term deposit receipts	-	2,353,552
Term deposit receipts matured	-	3,003,552



	----- (Un-audited) ----- Half year ended	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
National Clearing Company of Pakistan Limited - common directorship *		
Settlement charges	-	148
K Electric Limited		
Sukuks purchased	270,000	-
Income accrued	21,283	-
Portfolio managed by the Management Company		
Units issued / transferred in: 71 units (2021: Nil)	1	-
14.7 Amounts outstanding as at period / year end are as follows :	(Un-audited)	(Audited)
	December 31,	June 30,
	2022	2022
	----- (Rupees in '000) -----	
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	1,410	1,778
Sindh sales tax payable on remuneration of the Management Company	184	232
Federal excise duty on remuneration of the Management Company	10,657	10,657
Federal excise duty on sales load	334	334
Sales and transfer load payable	174	235
Sindh sales tax on sales load payable	23	31
Reimbursement of allocated expenses payable	724	904
Reimbursement of selling and marketing expenses payable	5,495	6,864
ADC charges payable including Sindh sales tax	147	100
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration payable to the Trustee	122	174
Sindh sales tax payable on remuneration of the Trustee	15	22
CDS charges payable	45	39
Security deposit receivable	200	200
National Bank of Pakistan - Parent of the Mangement Company		
Bank balance	357	831
Profit accrued on bank balances	14	14
K-Electric Limited		
Profit receivable	15,488	-
Sukuks held	270,000	-
BankIslami Pakistan Limited - common directorship		
Bank balance	7,364	339,820
Profit accrued on bank deposits	2	354
Employees of the Management Company		
Units held: 344,112 (June 30, 2022: 484,786) units	3,759	4,977
Portfolio managed by the Management Company		
Units held: 206 (June 30, 2022: 277) units	2	5
National Clearing Company of Pakistan Limited - common directorship *		
Settlement charges payable	-	25
Mr. Khalid Mehmood - Chief Financial Officer		
Units held: 65 (June 30, 2022: 64) units	1	1



*Current period figures have not been presented as the person is not a connected person / related party of the Fund as at December 31, 2022.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2022 and June 30, 2022, the Fund held the following financial instruments measured at fair value.

----- Un-audited -----			
----- As at December 31, 2022 -----			
Level 1	Level 2	Level 3	Total

----- Rupees in 000-----

At fair value through profit or loss

Government securities	-	223,965	-	223,965
Certificates of musharakah **	-	150,000	-	150,000
Short term sukuk certificates **	-	470,000	-	470,000
	-	843,965	-	843,965

----- Audited -----			
----- As at June 30, 2022 -----			
Level 1	Level 2	Level 3	Total

----- Rupees in 000-----

At fair value through profit or loss

Government securities	-	322,028	-	322,028
Islamic commercial papers*	-	49,816	-	49,816
Short term sukuk certificates **	-	526,925	-	526,925
	-	898,769	-	898,769



*The valuation of Islamic commercial papers was done based on amortisation to their face values as per the guidelines given in Circular 33 of 2012 by the SECP since the residual maturity of these was less than six months and they were placed with counterparties which have high credit rating.

**The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

16 GENERAL

16.1 Figures in these condensed interim financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

16.2 Corresponding figures have been re-classified and re-arranged in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 21, 2023.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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