

NTT - INCOME FUND
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2019



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF NIT - INCOME FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of NIT - **Income Fund** (the Fund) as at December 31, 2019 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 together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year then ended. The Management Company (National Investment Trust Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: **Shahbaz Akbar**

Dated: February 26, 2020

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2019

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	-----Rupees in '000-----	
Assets			
Bank balances	4	935,574	2,409,365
Investments	5	2,635,708	1,526,986
Advance against subscription of investments	6	-	46,375
Receivable against Margin Trading System (MTS)	7	-	17,901
Advance tax	13.1	64,368	64,368
Profit receivable		70,836	56,781
Security deposit with the Central Depository Company of Pakistan Limited		350	350
Receivable against redemption of Term Finance Certificates	8	-	64,252
Total assets		3,706,836	4,186,378
Liabilities			
Payable to National Investment Trust Limited - Management Company	9	4,385	5,020
Payable to Central Depository Company of Pakistan Limited - Trustee	10	266	416
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	403	3,461
Payable against redemption of units		1,060	-
Payable against MTS Investments		-	2,941
Accrued expenses and other liabilities	12	47,705	44,302
Dividend payable		507	461
Total liabilities		54,326	56,601
Net assets		3,652,510	4,129,777
Unit holders' fund (as per statement attached)		3,652,510	4,129,777
Contingencies and commitments	13		
		----- (Number of units) -----	
Number of units in issue		345,045,554	375,211,674
		----- (Rupees) -----	
Net asset value per unit		10.5856	11.0065

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Signature

**For National Investment Trust Limited
(Management Company)**

Signature

Managing Director

Signature

Director

Signature

Director

Signature

Chief Financial Officer

NIT - INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019

	Six months period ended		Quarter ended	
	December 31		December 31	
	2019	2018	2019	2018
	(Restated)		(Restated)	
Note	Rupees in '000			
Income				
Income from Government securities	80,853	73,273	40,645	33,235
Income from Term Finance Certificates	89,168	43,570	45,754	20,404
Income from Certificates of Investment	-	8,751	-	6,032
Income from letters of placement	-	892	-	686
Income from Margin Trading System	234	10,061	12	4,372
Profit on bank deposits	97,864	64,544	47,715	37,950
Gain / (loss) on sale of investments - net	21,900	(3,060)	13,634	(2,623)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.10 (5,677)	11,564	-	12,954
Other income	180	341	180	341
Total Income	284,522	209,936	147,940	113,351
Expenses				
Impairment loss on Term Finance Certificates	8.2 64,252	10,857	54,363	10,857
Remuneration of National Investment Trust Limited - Management Company	9.1 23,046	20,699	11,104	10,950
Sindh sales tax on Management Company's remuneration	9.2 2,996	2,691	1,444	1,424
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 1,513	2,625	749	1,223
Sindh sales tax on Remuneration of Trustee	10.2 197	328	98	159
Annual fee - Securities and Exchange Commission of Pakistan	11 403	1,851	199	889
Custodian charges of Central Depository of Pakistan Limited	3	6	2	4
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3 2,049	2,462	1,004	1,189
Laga and levy charges	26	1,208	11	486
Settlement and bank charges	54	126	34	76
Securities transaction costs	344	228	308	167
Auditors' remuneration	460	497	230	249
Legal and professional charges	-	1,030	-	460
Annual listing fee	40	35	-	-
Printing charges	5	9	5	9
Annual rating fee	-	1	-	1
Total expenses	95,388	44,653	69,551	28,143
Net Income from operating activities	189,134	165,283	78,389	85,208
Provision for Sindh Workers' Welfare Fund	12.1 (3,783)	(3,076)	(1,568)	(1,445)
Net Income for the period before taxation	185,351	162,207	76,821	83,763
Taxation	14 -	-	-	-
Net Income for the period after taxation	185,351	162,207	76,821	83,763
Allocation of net income for the period				
Net income for the period after taxation	185,351	162,207		
Income already paid on units redeemed	(20,108)	(16,669)		
	165,243	145,538		
Accounting income available for distribution:				
- Relating to capital gains	14,463	7,630		
- Excluding capital gains	150,780	137,908		
	165,243	145,538		

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)


Managing Director


Director


Director


Chief Financial Officer

**NIT - INCOME FUND
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

	Six months period ended December 31		Quarter ended December 31	
	2019	2018	2019	2018
		(Restated)		(Restated)
	-----Rupees in '000-----			
Net income for the period after taxation	185,351	162,207	76,821	83,763
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>185,351</u>	<u>162,207</u>	<u>76,821</u>	<u>83,763</u>

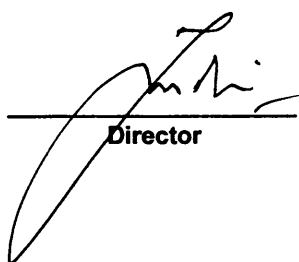
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**For National Investment Trust Limited
 (Management Company)**



 Managing Director



 Director



 Director



 Chief Financial Officer

NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

Six months period ended December 31						
2019			2018			
Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on 'Available for Sale' Investments	Total

Rupees in '000

Net assets at the beginning of the period	3,792,761	337,016	4,129,777	5,240,956	334,755	(1,824)	5,573,887
Change in accounting policy on adoption of IFRS 9	-	-	-	-	(1,824)	1,824	-
Net assets at the beginning of the period - restated	3,792,761	337,016	4,129,777	5,240,956	332,931	-	5,573,887
Issue of 5,655,369 units (2018: 31,241,367 units)							
Capital Value	57,142	-	57,142	282,719	-	-	282,719
Element of income	1,633	-	1,633	5,370	-	-	5,370
Amount received on issuance of units	58,775	-	58,775	288,089	-	-	288,089
Issue of 1,737,465 units in lieu of refund of capital	17,582	-	17,582	-	-	-	-
Redemption of 58,033,971 units (2018: 132,050,528 units)							
Capital Value	(586,375)	-	(586,375)	(1,355,670)	-	-	(1,355,670)
Element of loss	(1,059)	(20,108)	(21,167)	(1,418)	(16,669)	-	(18,087)
Amount paid / payable on redemption of units	(587,434)	(20,108)	(607,542)	(1,357,088)	(16,669)	-	(1,373,757)
Issue of 20,475,017 units under CIP (2018: 17,290,368 units)	207,195	-	207,195	177,579	-	-	177,579
Total comprehensive income for the period	-	185,351	185,351	-	162,207	-	162,307
Final distribution for the year ended June 30, 2018 (Date: July 5, 2018 @ Re 0.5746 per unit)	-	-	-	-	(257,164)	-	(257,164)
Final distribution for the year ended June 30, 2019 (Date: July 5, 2019 @ Re 0.9025 per unit)	-	(321,046)	(321,046)	-	-	-	-
Refund of Capital	(17,582)	-	(17,582)	-	-	-	-
Net assets at the end of the period	3,471,297	181,213	3,652,510	4,349,536	221,305	-	4,570,941

(Rupees in '000)

(Rupees in '000)

Undistributed income brought forward		
- Realized income	342,234	334,755
- Unrealized loss	(5,218)	-
	337,016	334,755
Change in accounting policy	-	(1,824)
Undistributed income brought forward - restated	337,016	332,931
Accounting income available for distribution		
- Relating to capital gains	14,463	7,630
- Excluding capital gains	150,780	137,908
	165,243	145,538
Final distribution for the year ended June 30, 2018 (Date: July 5, 2018 @ Re 0.5746 per unit)	-	(257,164)
Final distribution for the year ended June 30, 2019 (Date: July 5, 2019 @ Re 0.9025 per unit)	(321,046)	-
Undistributed income carried forward	181,213	221,305
Undistributed income carried forward		
- Realized income	186,890	209,741
- Unrealized (loss) / income	(5,677)	11,564
	181,213	221,305
	(Rupees)	(Rupees)
Net asset value per unit at beginning of the period	11.0065	10.8371
Net asset value per unit at end of the period	10.5856	10.8100

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

Managing Director

Director

Director

Chief Financial Officer

**NIT - INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

Note	Six months period ended December 31	
	2019	2018 (Restated)
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	185,351	162,207
Adjustments for:		
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through	5,677	(11,564)
Impairment loss on Term Finance Certificates	64,252	10,857
	<u>255,280</u>	<u>161,500</u>
(Increase) / decrease in assets		
Investments - net	(1,178,651)	895,096
Profit receivable	(14,055)	(30,144)
Receivable against Margin Trading System (MTS)	17,901	219,887
Advance against subscription of investments	46,375	-
Receivable against Redemption of Term Finance Certificate	64,252	(99,713)
	<u>(1,064,178)</u>	<u>985,126</u>
(Decrease) / Increase in liabilities		
Payable to National Investment Trust Limited - Management Company	(635)	161
Payable to Central Depository Company of Pakistan Limited - Trustee	(150)	(65)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(3,058)	(1,955)
Payable on redemption of units	1,060	(798)
Payable against MTS investments	(2,941)	-
Accrued expenses and other liabilities	3,403	2,561
	<u>(2,321)</u>	<u>(96)</u>
Net cash (used in) / generated from operating activities	<u>(811,219)</u>	<u>1,146,630</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	58,775	465,668
Payments on redemption of units	(607,542)	(1,373,757)
Dividend paid	(113,805)	(257,119)
Net cash used in from financing activities	<u>(662,572)</u>	<u>(1,165,208)</u>
Net decrease in cash and cash equivalents during the period	<u>(1,473,791)</u>	<u>(18,578)</u>
Cash and cash equivalents at the beginning of the period	<u>2,409,365</u>	<u>3,084,799</u>
Cash and cash equivalents at the end of the period	<u>4 935,574</u>	<u>3,066,221</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)


Managing Director


Director


Director


Chief Financial Officer

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NIT - Income Fund (the 'Fund') was established under a Trust Deed executed on September 17, 2009 between National Investment Trust Limited ('NITL'), as Management Company, and the Central Depository Company of Pakistan Limited ('CDC'), as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan ('SECP') vide its letter no. NBFC-II/NITL/1026/2009 dated November 20, 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ('NBFC Rules'). The Fund is categorized as an 'Income Scheme' in accordance with the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP).
- 1.2 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 registered office of the Management Company is situated at 6th floor, National Bank of Pakistan Building, I. I. Chundrigar Road, Karachi.
- 1.3 The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The objective of the Fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in fixed income securities / instruments. The performance of the Fund is measured against benchmark given in the offering document.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AA-(f)' rating to the Fund on October 11, 2019 and has assigned an asset manager rating of 'AM2++' to the Management Company on November 5, 2019.
- 1.6 Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as 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 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
- 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 from 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 the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the published audited annual financial statements of the Fund for the year ended June 30, 2019.

- 2.3 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory 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 these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

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

- 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 financial statements of the Fund for the year ended June 30, 2019.
- 3.2 The preparation of the condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires 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 the condensed interim financial statements, the significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.
- 3.3 IFRS 9: "Financial Instruments" has replaced IAS 39: "Financial Instruments: Recognition and Measurement" effective from July 1, 2018. IFRS-9 addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. IFRS-9 has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39.

Last year, the Securities and Exchange Commission of Pakistan (SECP) had extended the applicability of IFRS 9, for the periods ending on or after June 30, 2019 in order to provide sufficient time for the entities to fully comply with the requirements of IFRS 9. Accordingly, the condensed interim financial statements for the six months period ended December 31, 2018 did not require the adoption of IFRS 9 and hence were prepared in accordance with the requirements of IAS 39. However, IFRS 9 was adopted with effect from July 1, 2018 in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019, as required by the SECP (as more fully explained in note 2.2 to the financial statements of the Fund for the year ended June 30, 2019). The Fund adopted modified retrospective restatement approach for adopting IFRS-9 and accordingly, all changes arising on adjustment of IFRS 9 were adjusted at the beginning of the year (i.e. July 1, 2018). Consequently, the figures stated in the condensed interim financial statements for the half year ended December 31, 2018 have been restated. The effects of restatements have been given below:

	For the six months period ended December 31, 2018 (Unaudited) (Rupees in '000)
Impact on condensed interim income statement	
Increase in net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	11,564
Increase in net income for the period after taxation	<u>11,564</u>
Impact on condensed interim statement of comprehensive income	
Decrease in net unrealised appreciation on re-measurement of investments classified as 'available for sale'	(11,564)
Decrease in other comprehensive income for the period	<u>(11,564)</u>



	As at December 31, 2018 (Unaudited) (Rupees in '000)
Impact on condensed interim statement of movement in unit holders' fund	
Decrease in unrealised diminution on 'available for sale' investments	1,824
Decrease in undistributed income	<u>(1,824)</u>
	<u>-</u>

3.4 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. 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.

3.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. 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.

		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	-----Rupees in '000-----	
4 BANK BALANCES			
In savings accounts	4.1	<u>935,574</u>	<u>2,409,365</u>
		<u>935,574</u>	<u>2,409,365</u>

4.1 These represent balances with banks in savings accounts carrying profit rates ranging from 11.25% to 14.50% per annum (June 30, 2019: 4.00% to 11.25% per annum)

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	-----Rupees in '000-----	
5 INVESTMENTS			
Financial assets at 'fair value through profit or loss'			
Government securities:			
-Market Treasury Bills	5.1	631,677	49,693
-Pakistan Investment Bonds	5.2	726,672	44,417
Term finance certificates - listed	5.3	-	-
Term finance certificates - unlisted	5.4	747,574	735,989
Sukuk - listed	5.5	164,402	183,916
Sukuk - unlisted	5.6	48,894	18,285
Privately placed short term Sukuks - unlisted	5.7	121,080	250,000
Commercial papers	5.9	<u>195,409</u>	<u>244,686</u>
		<u>2,635,708</u>	<u>1,526,986</u>

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5.1 Market Treasury Bills

Issue date	Tenure	Face value				As at December 31, 2019		Market value as a percentage of	
		As at July 1, 2019	Purchases during the period	Disposal / matured during the period	As at December 31, 2019	Carrying value	Market value	net assets	total investments

(Rupees in '000)

(%)

July 18, 2019	3 Months	-	25,000,000	25,000,000	-	-	-	-	-
May 23, 2019	3 Months	-	500,000	500,000	-	-	-	-	-
April 25, 2019	3 Months	50,000	-	50,000	-	-	-	-	-
October 24, 2019	6 Months	-	5,000,000	5,000,000	-	-	-	-	-
October 10, 2019	12 Months	-	5,000,000	5,000,000	-	-	-	-	-
September 12, 2019	12 Months	-	5,000,000	5,000,000	-	-	-	-	-
November 7, 2019	12 Months	-	2,000,000	-	2,000,000	180,795	179,913	4.93	6.83
August 12, 2019	12 Months	-	3,000,000	3,000,000	-	-	-	-	-
October 24, 2019	12 Months	-	5,000,000	-	5,000,000	454,318	451,764	12.37	17.14
August 29, 2019	12 Months	-	5,000,000	5,000,000	-	-	-	-	-

Total as at December 31, 2019

635,113 631,677

Total as at June 30, 2019

49,754 49,693

5.2 Pakistan Investment Bonds

Issue date	Tenure	Face value				As at December 31, 2019		Market value as a percentage of	
		As at July 1, 2019	Purchases during the period	Disposal / matured during the period	As at December 31, 2019	Carrying value	Market value	net assets	total investments

(Rupees in '000)

(%)

July 12, 2018	3 Years	50,000	2,200,000	2,250,000	-	-	-	-	-
July 12, 2018	5 Years	-	1,250,000	1,250,000	-	-	-	-	-
September 19, 2019	3 Years	-	9,000,000	2,500,000	6,500,000	605,947	608,939	16.67	23.10
September 19, 2019	5 Years	-	3,500,000	3,250,000	250,000	23,496	23,645	0.65	0.90
September 19, 2019	10 Years	-	1,000,000	-	1,000,000	90,154	94,088	2.58	3.57

Total as at December 31, 2019

719,597 726,672

Total as at June 30, 2019

44,852 44,417

5.3 Term finance certificates - listed

Name of the investee companies	Number of certificates				As at December 31, 2019		Market value as a percentage of	
	As at July 1, 2019	Purchases during the period	Disposals / Matured during the period	As at December 31, 2019	Carrying value	Market value	net assets	total investments

(Rupees in '000)

(%)

Commercial banks

Summit Bank Limited (refer note 8)

20,000

-

-

20,000

-

-

-

-

Total as at December 31, 2019

-

-

Total - as at June 30, 2019

-

-

5.4 Term finance certificates - unlisted

Name of the investee companies	Issue date	Number of certificates				As at December 31, 2019		Market value as a percentage of	
		As at 1 July 2019	Purchases during the period	Disposals / matured during the period	As at December 31, 2019	Carrying value	Market value	Net assets	Total investments
--- (Rupees in '000) --- (%) ---									
Commercial banks									
JS Bank Limited	December 14, 2016	12,000	-	-	12,000	60,188	56,931	1.56	2.16
Bank Alfalah Limited (5th Issue)	February 20, 2013	52,003	-	-	52,003	259,339	259,339	7.10	9.84
Habib Bank Limited	February 19, 2016	1,550	-	-	1,550	152,340	149,247	4.09	5.66
Bank Al-Habib Limited	March 17, 2016	28,125	-	-	28,125	139,024	137,970	3.78	5.23
Bank Al-Habib Limited	December 6, 2018	25,000	-	-	25,000	124,950	124,950	3.42	4.74
Kashf Foundation	September 30, 2019	-	20	-	20	20,000	19,137	0.52	0.73
Total as at December 31, 2019						<u>755,841</u>	<u>747,574</u>		
Total as at June 30, 2019						<u>740,584</u>	<u>735,989</u>		

5.5 Sukuks - listed

Name of the investee companies	Number of certificates				As at December 31, 2019		Market value as a percentage of		
	As at July 1, 2019	Purchases during the period	Disposals / matured during the period	As at December 31, 2019	Carrying value	Market value	net assets	total investments	
--- (Rupees in '000) --- (%) ---									
Fatima Fertilizer Company Limited	3,678	-	-	3,678	7,428	7,414	0.20	0.28	
Dawood Hercules Corporation Limited	1,750	-	-	1,750	157,227	156,988	4.30	5.96	
Total as at December 31, 2019						<u>164,655</u>	<u>164,402</u>		
Total as at June 30, 2019						<u>184,289</u>	<u>183,916</u>		

5.6 Sukuks - unlisted

Name of the investee companies	Number of certificates				As at December 31, 2019		Market value as a percentage of		
	As at July 1, 2019	Purchases during the period	Disposals / matured during the period	As at December 31, 2019	Carrying value	Market value	net assets	total investments	
--- (Rupees in '000) --- (%) ---									
Ghani Gases Limited	285	-	-	285	15,770	13,894	0.38	0.53	
Masood Textile Mills Limited	-	35	-	35	35,000	35,000	0.96	1.33	
Total as at December 31, 2019						<u>50,770</u>	<u>48,894</u>		
Total as at June 30, 2019						<u>18,039</u>	<u>18,285</u>		

5.7 Privately place short term Sukuks - unlisted

Name of the investee companies	Number of certificates				As at December 31, 2019		Market value as a percentage of		
	As at July 1, 2019	Purchases during the period	Matured / Disposals during the period	As at December 31, 2019	Carrying value	Market value	net assets	total investments	
--- (Rupees in '000) --- (%) ---									
The Hub Power Company Limited	50,000	1,200	50,000	1,200	120,000	121,080	3.31	4.59	
Total as at December 31, 2019						<u>120,000</u>	<u>121,080</u>		
Total as at June 30, 2019						<u>250,000</u>	<u>250,000</u>		

5.8 Significant terms and conditions of term finance certificates / Sukuks outstanding at the period end are as follows:

Name of securities	Number of certificates	Repayment frequency	Unredeemed face value per certificate (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
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Unsecured

Unlisted term finance certificates

JS Bank Limited	12,000	Semi-annually	4,994	6-months KIBOR + 1.40%	December 14, 2016	December 14, 2023	A+
Bank Alfalah Limited (5th Issue)	52,003	Semi-annually	4,987	6-months KIBOR + 1.25%	February 20, 2013	February 20, 2021	AA
Habib Bank Limited	1,550	Semi-annually	99,860	6-months KIBOR + 0.5%	February 19, 2016	February 19, 2026	AAA
Bank Al-Habib Limited	28,125	Semi-annually	4,993	6-months KIBOR + 0.75%	March 17, 2016	March 17, 2026	AA
Bank Al-Habib Limited	25,000	Semi-annually	4,998	6-months KIBOR + 1 %	December 6, 2018	December 6, 2028	AA
Kasf Foundation	20	Quarterly	1,000,000	3-months KIBOR + 2.25%	September 30, 2019	September 30, 2023	A

Listed Sukuks

Fatima Fertilizer Company Limited	3,678	Semi-annually	2,000	6-months KIBOR + 1.10%	November 28, 2016	November 28, 2021	AA-
Dawood Hercules Corporation Limited	1,750	Quarterly	90,000	3-months KIBOR + 1.00%	March 01, 2018	March 1, 2023	AA

Unlisted Sukuks

Ghani Gases Limited	285	Quarterly	54,166	3-months KIBOR + 1.00%	February 2, 2017	February 2, 2023	A
Masood Textile Mills Limited	35	Quarterly	1,000,000	3-months KIBOR + 2.00%	December 17, 2019	December 17, 2024	-

Privately placed short term sukuks - unlisted

The Hub Power Company Limited	1,200	Quarterly	100,000	3-months KIBOR + 1.9%	August 22, 2019	August 22, 2023	AA+
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5.9 Commercial papers

Name of the investee companies	Number of certificates				As at December 31, 2019		Market value as a percentage of	
	As at July 1, 2019	Purchases during the period	Matured during the period	As at December 31, 2019	Carrying value	Market value	net assets	total investments
					----- (Rupees in '000) -----		----- (%) -----	
Hascol Petroleum Limited								
- Islamic Commercial Paper	1,500,000	-	1,500,000	-	-	-	-	-
The Hub Power Company Limited	960,000	1,000,000	960,000	1,000,000	96,745	96,745	2.65	3.67
K-Electric Limited	-	500,000	-	500,000	48,866	48,866	1.34	1.85
TPL Corporation Limited	-	500,000	-	500,000	49,798	49,798	1.36	1.89
Total as at December 31, 2019					195,409	195,409		
Total as at June 30, 2019					244,686	244,686		

5.10 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

Market value of investments	5.1 - 5.9	2,635,708	1,232,659
Less: Carrying value of investments	5.1 - 5.9	(2,641,385)	(1,221,095)
		<u>(5,677)</u>	<u>11,564</u>

Note	December 31	
	2019	2018 (Restated)
	----- (Unaudited) -----	
	----- Rupees in '000 -----	

6 ADVANCE AGAINST SUBSCRIPTION OF INVESTMENTS

During the year ended June 30, 2019, Islamic commercial papers of TPL Corporation Limited, with the maturity value of Rs. 50 million were subscribed by the Fund by paying Rs. 46.375 million on June 28, 2019 as advance payment. The certificates were issued on July 15, 2019 and will mature on January 11, 2020.

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7	RECEIVABLE AGAINST MARGIN TRADING SYSTEM (MTS)	Note	December	June 30,
			31, 2019 (Un-audited)	2019 (Audited)
			Rupees in '000	
	Receivable against Margin Trading System	7.1	-	17,091
			-	17,091

7.1 This carried average profit rate of 18.01% (June 30, 2019: 13.80%) per annum and matured during the current period.

8 RECEIVABLE AGAINST REDEMPTION OF TERM FINANCE CERTIFICATES

The Term Finance Certificates (TFCs) of Summit Bank Limited (SBL) had an original maturity on October 27, 2018. The bullet principal amount due on October 27, 2018 amounting to Rs. 99.701 million was not received by the Fund. The non payment of final bullet principal amount was on account of deficit in the Capital Adequacy Ratio / Minimum Capital Requirements of SBL due to which the lock-in clause was invoked which states that neither profit nor principal payment shall be made if the capital adequacy ratio falls below the minimum level required. Potential merger of Summit Bank Limited with and into Sindh Bank Limited and subsequent fulfillment of Capital Adequacy Ratio / Minimum Capital Requirements was also in process as the shareholders of both banks had given their approval for agreed swap ratio. Thereafter, an extraordinary general meeting was called on November 19, 2018, wherein it was resolved that the maturity date of these certificates be extended for one year (i.e. upto October 27, 2019) on the existing terms and conditions of the TFC issue subject to compliance with all the applicable laws, rules, regulations and requisite approvals. The carrying amount of investment has been transferred to "Receivable against redemption of term finance certificates" and has been disclosed on the statement of assets and liabilities.

The TFCs were classified as non-performing by the Mutual Funds Association of Pakistan (MUFAP) on November 13, 2018 in accordance with the criteria given in SECP's circulars 33 and 35 dated October 24, 2012 and November 26, 2012 respectively. The Fund along with other TFC holders (thereby forming simple majority of the total TFC holders) had consented to extend the maturity date for one year as stated above. However, no payment was received on October 27, 2019. Accordingly, the Management Company has made full provision against the outstanding amount of Rs. 99.701 million as at December 31, 2019. Furthermore, profit on instalment due amounting to Rs. 4.817 million has also been reversed and no further markup is being accrued.

8.1 Details of non-compliant investments with the investment criteria as specified by the SECP

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held (note 8.2)	Value of investment after provision	Percentage	Percentage
					of net assets	of total investment
				(Rupees in '000)		(%)
Listed debt securities						
Summit Bank Limited	TFC	99,701	99,701	-	-	-
Total as at December 31, 2019		99,701	99,701	-	-	-
Total as at June 30, 2019		99,701	35,449	64,252	1.56	4.21

8.1.1 At the time of purchase / investment, the TFCs were in compliance with the investment requirement of the Constitutive Documents and investment restriction parameters laid down in NBFC Regulations and the NBFC Rules. However, subsequently they were defaulted or downgraded upon default to non investment grade and became non-compliant with the investment restriction parameters laid down in the NBFC Regulations and the NBFC Rules and with the requirement of Constitutive Documents. Disclosure of the non-compliance is made as required by Circular No. 16 of 2010 dated July 7, 2010 issued by SECP.

8.2 Provision against the receivable balance

	December 31	
	2019	2018
(Unaudited)		
Rupees in '000		
Balance as at July 1	35,449	-
Charge for the period	64,252	10,857
Reversal of impairment	-	-
Balance as at December 31	99,701	10,857

Alfa