



**NIT Islamic Income Fund
Condensed Interim Financial
Statements (Unaudited)
for the Period from 4 July 2016
to 31 March 2017**

**NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2017**

	Note	March 31, 2017 (Unaudited) Rupees in '000
ASSETS		
Bank balances	5	737,710
Investments	6	8,884
Profit Receivable	7	9,662
Security deposits		100
Preliminary expenses and floatation costs	8	867
Total assets		757,223
LIABILITIES		
Payable to National Investment Trust Limited - Management Company	9	1,489
Payable to Central Depository Company of Pakistan Limited - Trustee	10	118
Payable to Securities and Exchange Commission of Pakistan		258
Payable against redemption of units		840
Accrued expenses and other liabilities	11	685
Total liabilities		3,390
NET ASSETS		753,833
Unit holders' fund (as per statement attached)		753,833
Contingencies and commitments	12	
		Number of units
Number of units in issue		72,834,466
		-----Rupees-----
Net asset value per unit		10.3500

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

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

**sd/-
Managing Director**

**sd/-
Director**

**sd/-
Director**

**NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM JULY 04, 2016 TO MARCH 31, 2017**

	<u>For the period from</u>	
	<u>04 July 2016 to 31 March 2017,</u>	<u>01 January 2017 to 31 March 2017,</u>
	----- (Unaudited) -----	
INCOME	Note ----- (Rupees in '000) -----	
Income from government securities	-	-
Mark-up on Fixed Income Securites	157	157
Profit on bank deposits	19,337	8,789
	<u>19,494</u>	<u>8,946</u>
EXPENSES		
Remuneration of National Investment Trust Limited - Management Company	7.1 1,476	693
Sindh Sales Tax on remuneration to Management Company	7.2 192	90
Remuneration of Central Depository Company of Pakistan Limited - Trustee	586	280
Sindh Sales tax on Trustee remuneration	8.1 76	36
Annual fee - Securities and Exchange Commission of Pakistan	258	123
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3 343	164
Amortisation of preliminary expenses and floatation costs	151	51
Auditors' remuneration	132	69
Settlement and bank charges	42	2
Listing fee	100	38
Shariah Advisory Fee	28	10
Total expenses	<u>3,384</u>	<u>1,556</u>
Net income from operating activities	<u>16,110</u>	<u>7,390</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	9,523	4,727
Provision for Sindh Workers' Welfare Fund	(473)	(473)
Net income for the period before taxation	<u>25,160</u>	<u>11,644</u>
Taxation	13 -	-
Net income for the period	<u><u>25,160</u></u>	<u><u>11,644</u></u>

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

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

sd/-
Managing Director

sd/-
Director

sd/-
Director

**NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM JULY 04, 2016 TO MARCH 31, 2017**

	For the period from	
	04 July 2016 to 31 March 2017,	01 January 2017 to 31 March 2017,
	----- (Unaudited) -----	
Note	----- (Rupees in '000) -----	
Net income for the period after taxation	25,160	11,644
Other comprehensive income for the period		
Net unrealised appreciation in the fair value of investments classified as 'available for sale'	6.1 299	299
Total comprehensive income for the period	<u>25,459</u>	<u>11,943</u>

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

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

sd/-
Managing Director

sd/-
Director

sd/-
Director

**NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE PERIOD FROM JULY 04, 2016 TO MARCH 31, 2017**

	March 31, 2017 (Unaudited) (Rupees in '000)
Undistributed income at the beginning of the period- realised	-
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount representing income that form part of unit holders' Fund-net	30
Net income for the period	25,160
Undistributed income carried forward- realised	<u><u>25,190</u></u>

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

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

**sd/-
Managing Director**

**sd/-
Director**

**sd/-
Director**

**NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE PERIOD FROM JULY 04, 2016 TO MARCH 31, 2017**

	Note	March 31, 2017 (Unaudited) (Rupees in '000)
Net assets at the beginning of the period		-
Issue of 105,198,964 units		1,068,584
Redemption of 32,364,498 units		(330,687)
		737,897
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		
- amount representing (income) transferred to income statement		(9,523)
- amount representing (income) transferred to distribution statement		(30)
		(9,553)
Net unrealised appreciation in the fair value of investments classified as 'available for sale'		299
Other net income for the period		25,160
Total comprehensive income for the period		25,459
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount representing income/(loss) that form part of unit holders' Fund-net		30
Net assets at the end of the period		753,833
[Rs. 10.3500 per unit]		

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

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

sd/-
Managing Director

sd/-
Director

sd/-
Director

**NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM JULY 04, 2016 TO MARCH 31, 2017**

**March 31, 2017
(Unaudited)
(Rupees in '000)**

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation 25,160

Adjustments:

Element of income / (loss) and capital gains / (losses) included
in prices of units issued less those in units redeemed (9,523)
15,637

(Increase) / decrease in assets

Investments	(8,585)
Accrued income	(9,662)
Advances, deposits, prepayments and other receivables	(100)
Amortization of Formation Cost	(867)
	(19,214)

Increase / (decrease) in liabilities

Payable to National Investment Trust Limited - Management Company	1,489
Payable to Central Depository Company of Pakistan Limited - Trustee	118
Payable to Securities and Exchange Commission of Pakistan	258
Payable against redemption of units	840
Accrued expenses and other liabilities	685
	3,390

Net cash (used in) operating activities (187)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issue of units	1,068,584
Payments on redemption of units	(330,687)

Net cash generated from financing activities 737,897

Net increase in cash and cash equivalents during the period 737,710

Cash and cash equivalents at the beginning of the period -

Cash and cash equivalents at the end of the period 737,710

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

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

sd/-

Managing Director

sd/-

Director

sd/-

Director

NIT - Islamic Income Fund

Notes to and forming part of the Condensed Interim Financial Information

For the period from 04 July 2016 to 31 March 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The NIT - Islamic Income Fund (the Fund) was established under a Trust Deed executed between National Investment Trust Limited (NITL) as Management Company and 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. SCD/AMCW/NITL/324/ 2016 dated 01 March 2016 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on 14 March 2016. The Fund is categorized as Shariah Compliant Income Scheme as per criteria for categorization of open end collective investment scheme as specified by SECP and other allied matters.
- 1.2** The Management Company of the Fund has been classified as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. 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. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at initial price of Rs. 10 on 04 July 2016 and received Rs. 159.518 million against initial public offer from various investors including Management Company and accordingly the Fund commenced its business activities on the same date.
- 1.4** The objective of the Fund is to generate a stable shariah compliant income stream, while seeking maximum possible preservation of capital, over the medium to long term period, by investing in a diversified portfolio of Shariah Compliant fixed income and money market instruments. The Management Company has appointed Mufti Zeeshan Abdul Aziz as Shariah Advisor to the Fund to ensure the activities are in compliance with the principles of Shariah.
- 1.5** Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM2+" to the Management Company.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

2.1 Statement of compliance

This condensed interim financial information have 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 (IASB) as are notified under the Companies Ordinance, 1984, the Non Banking Finance Companies Rules, 2003 (the NBFC Rules) , the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations, 2008) and directives issued by the SECP. Wherever, the requirements of the NBFC Rules, the NBFC Regulations, 2008, and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations, 2008, and the said directives shall prevail.

2.2 Accounting convention

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

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, Income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years relates to classification and valuation of investments and impairment thereagainst, if any (note 4.1).

3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Fund's financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Fund's financial statements.
 - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Fund's financial statements.
 - IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The above amendments are not likely to have an impact on Fund's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this condensed interim financial information are set out below.

4.1 Financial assets

4.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Management Company determines the classification of its financial assets at initial recognition.

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the Financial assets at 'fair value through profit or loss' category.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed as incurred in the income statement.

4.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are measured at fair value.

Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the 'income statement'.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Subsequent to initial recognition financial assets classified as 'Loans and receivables' are carried at amortised cost using the effective interest method.

4.1.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. In case of debt instruments classified as available-for-sale, if any such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in unit holders fund through comprehensive income is reclassified from unit holders fund through other comprehensive income to income statement. Impairment losses recognised on debt instruments in the income statement are reversed subsequently from income statement to unit holders fund through comprehensive income.

4.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

4.1.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Condensed Interim Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the condensed interim income statement.

4.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.5 Preliminary expenses and flotation costs

Preliminary expenses and flotation costs (formation cost) represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over a period of five years starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 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 among the unit holders. Provided that for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in this condensed interim financial information as the Fund intends to distribute more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors / Management Company receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the period is recognised in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement.

4.10 Net Assets Value per unit

The net assets value (NAV) per unit, as disclosed on the Condensed Interim Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

4.11 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

4.12 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the condensed interim income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on remeasurement of investments classified as available for sale are included in the statement of comprehensive income in the period in which they arise.
- Profit on bank deposits, mark-up / return on debt securities and government securities is recognised using effective yield method.

4.13 Proposed distributions

Dividend / distributions are recognised in the period in which such distributions are declared / approved.

5 BANK BALANCES

These accounts carry return at rates ranging from 3.75% to 6.45% per annum.

6 INVESTMENTS

Available for sale

Government securities:

- Sukuk

March 31, 2017
(Un audited)
-----Rupees in '000-----
8,884
8,884

6.1 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'

Market value of investments
Less: carrying value of investments

Less: net unrealised diminution at the beginning of the period

March 31, 2017
(Un audited)
-----Rupees in '000-----
8,884
(8,585)
299
-
299

7 PROFIT RECEIVABLES

Profit on saving accounts
Mark-up on fixed income securities

March 31, 2017
(Un audited)
-----Rupees in '000-----
9,505
157
9,662

8 PRELIMINARY EXPENSES AND FLOTATION COSTS

Preliminary expenses and flotation costs
Less: amortisation during the period

8.1

March 31, 2017
(Un audited)
-----Rupees in '000-----
1,018
(151)
867

- 8.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund.

Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of the operations of the Fund i.e. 4 July 2016. This cost is restricted to one percent of Pre-IPO capital or Rs. 5 million, whichever is lower, and are being amortised over a period of five years in accordance with the Trust Deed of the Fund.

		March 31, 2017
		(Un audited)
		-----Rupees in '000-----
9	PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY	
	Management remuneration	9.1 239
	Sindh Sales Tax on management remuneration	9.2 31
	Preliminary expenses and flotation costs	1,018
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3 61
	Others	140
		<u>1,489</u>

- 9.1 The Management Company has charged its remuneration w.e.f 04 July 2016 at the rate of 7.5 percent of Gross Earnings of the fund subject to a minimum fee of 0.25% p.a. and maximum fee of 1% p.a of Average Annual Net Assets.

- 9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

- 9.3 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(3)(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it.

The expenses represents the allocation of expenses relating to registrar services, accounting, operations and valuation services at 0.1% of average net assets of the Fund w.e.f 04 July 2016.

		March 31, 2017
		(Un audited)
		-----Rupees in '000-----
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	
	Trustee remuneration	104
	Sales tax payable on trustee remuneration	10.1 14
		<u>118</u>

- 10.1 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act 2011.

		March 31, 2017
		(Un audited)
		-----Rupees in '000-----
11	ACCRUED EXPENSES AND OTHER LIABILITIES	
	Capital gain tax	59
	Auditors' remuneration	40
	Listing Fee	100
	Shariah Advisory Fee	13
	Provision for SWWF	11.1 473
		<u>685</u>

11.1 SINDH WORKERS' WELFARE FUND (SWWF)

The Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. 21 May 2015. Accordingly, on 12 January 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from 21 May 2015 and is being made on daily basis going forward while the efforts to exclude mutual funds from SWWF continue. Accordingly, the provision of Rs. 0.473 million has been made for SWWF. This has resulted in a decrease in NAV per unit of Rs. 0.0065 on 31 March 2017.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2017

13 TAXATION

The Fund's income is exempt from Income Tax as per 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. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2017 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14 Total Expense Ratio

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended 31 March 2017 is 1.12% which include 0.29% representing government levy, Sindh Workers Welfare Fund and SECP fee.

15 TRANSACTIONS WITH CONNECTED PERSONS

- 15.1** Connected persons include National Investment Trust Limited, other collective investment schemes managed by the Management Company and directors and officers of the Management Company and the Trustee.
- 15.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 15.3** Remuneration to the Management Company and the trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 15.4** The details of significant transactions carried out by the Fund with connected persons and balances with them at the period end are as follows:

Details of the transactions with connected persons are as follows:	For the period from 04 July 2016 to 31 March 2017	For the period from 01 January 2017 to 31 March 2017
	----- (Un audited) -----	
	----- Rupees in '000 -----	
National Investment Trust Limited - Management Company		
Issue of 15,000,000 units	150,000	-
Remuneration of the Management Company	1,476	693
Sindh Sales Tax on Management remuneration	192	90
Allocation of expenses related to registrar services, accounting, operation and valuation services	343	164
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	586	280
Sindh Sales Tax on Trustee Remuneration	76	36

15.5 Amounts outstanding as at period end:

	March 31, 2017 (Un audited) Rupees in '000
National Investment Trust Limited - Management Company	
15,000,000 Units held	155,250
Management remuneration	239
Sindh Sales Tax	31
Preliminary expenses & floatation costs	1,018
Others	140
Allocation of expenses related to registrar services, accounting, operation and valuation services	61
Central Depository Company of Pakistan Limited - Trustee	
Trustee fee payable	104
Sindh Sales Tax on Trustee remuneration of Trustee	14

16 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 28, 2017 by the Board of Directors of the Management Company.

17 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

sd/-	sd/-	sd/-
Managing Director	Director	Director