

NIT INCOME FUND
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

**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 **NIT Income Fund** (the Fund) as at December 31, 2018 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 six months period ended December 31, 2018. The Management Company (National Investment Trust 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

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.

Basis for Qualified Conclusion

As more fully explained in note 7 to the condensed interim financial statements, the Fund has made provision against Term Finance Certificates (TFC) of Summit Bank Limited based on number of days default after classification as non-performing. The final installment due against the TFC on October 27, 2018 was not received by the Fund and the TFC was categorised as non-performing. In accordance with the requirements of Circular 33 dated October 24, 2012 issued by the Securities and Exchange Commission of Pakistan (SECP), installments of principal amount in default during the period of non-performance shall be fully provided. Had full provision been made against TFC of Summit Bank Limited, the amount shown as "receivable against redemption of term finance certificates" would have been nil and profit before taxation and provision for Sindh Workers' Welfare Fund (SWWF) would have been lower by Rs 88.844 million and Rs 1.777 million respectively. The net assets value of the Fund would also have been lower by Rs 87.067 million and consequently the number of units issued and redeemed during the period would have been different. These consequential effects have not been quantified as it was not practicable to do so.

Conclusion

Based on our review, except for the effects of the matter described in the aforementioned paragraph, 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, a member firm of the PwC network
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A.F. FERGUSON & Co.

Other matters

The condensed interim financial statements of the Fund for the half year ended December 31, 2017 were reviewed and the financial statements of the Fund for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 27, 2018 and September 05, 2018 respectively.

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Chartered Accountants

Engagement Partner: Shahbaz Akbar

Dated: February 28, 2019

Karachi

**NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2018**

		December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	-----Rupees in '000-----	
ASSETS			
Balances with banks	4	3,066,221	3,084,799
Investments	5	1,232,659	2,116,191
Receivable against Margin Trading System	6	98,838	318,725
Advance tax	11.1	79,491	79,491
Profit receivables		49,679	19,535
Deposit with the Central Depository Company of Pakistan Limited		4,200	4,200
Receivable against Redemption of Term Finance Certificate	7	88,856	-
TOTAL ASSETS		4,619,944	5,622,941
LIABILITIES			
Payable to National Investment Trust Limited - Management Company	8	4,824	4,663
Payable to Central Depository Company of Pakistan Limited - Trustee	9	453	518
Annual fee payable to the Securities and Exchange Commission of Pakistan		1,851	3,806
Payable against redemption of units		254	1,052
Accrued expenses and other liabilities	10	39,568	37,007
Dividend payable		2,053	2,008
TOTAL LIABILITIES		49,003	49,054
NET ASSETS		4,570,941	5,573,887
Unit holders' fund (as per statement attached)		4,570,941	5,573,887
Contingencies and commitments	11		
		Number of units	
NUMBER OF UNITS IN ISSUE		430,814,222	514,333,015
		Rupees	
NET ASSETS VALUE PER UNIT		10.6100	10.8371

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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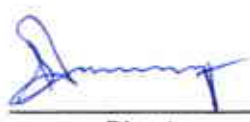
**For National Investment Trust Limited
(Management Company)**



Managing Director



Director



Director



Chief Financial Officer


NIT - INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2018

	Six months period ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
Note ----- Rupees in '000-----				
INCOME				
Income from government securities	73,273	31,017	33,235	14,402
Income from Term Finance Certificates	43,570	14,785	20,404	8,027
Income from Certificates of Investment	8,751	2,965	6,032	2,763
Income from letters of placement	892	-	686	-
Income from Margin Trading System	10,061	87	4,372	87
Profit on bank deposits	64,544	101,190	37,950	58,316
(Loss) on sale of investments-net	(3,060)	(49)	(2,623)	(7)
Other income	341	-	341	-
Total income	198,372	149,995	100,397	83,588
EXPENSES				
Impairment loss on Term Finance Certificate	10,857	-	10,857	-
Remuneration of National Investment Trust Limited - Management Compa 8 1	20,699	15,135	10,950	8,339
Sindh sales tax on Management Company's remuneration 8 2	2,691	1,967	1,424	1,084
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,525	2,453	1,223	1,338
Sindh sales tax on Remuneration of Trustee	328	319	159	174
Annual fee - Securities and Exchange Commission of Pakistan	1,851	1,795	889	1,001
Central Depository Charges	6	3	4	1
Allocation of expenses related to registrar services operations and valuation services 8 3	2,462	2,403	1,189	1,347
Laga and levy charges	1,208	15	486	15
Settlement and bank charges	126	94	76	94
Securities transaction costs	228	143	167	103
Auditors' remuneration	497	470	249	360
Legal & professional charges	1,030	197	460	197
Annual listing fee	35	35	-	7
Printing charges	9	21	9	16
Rating fee	1	-	1	-
Total expenses	44,553	25,050	28,143	14,076
Net income from operating activities	153,819	124,945	72,254	69,512
Provision for Sindh Workers' Welfare Fund (SWWF) 10.1	(3,076)	(2,499)	(1,445)	(1,391)
Net income for the period before taxation	150,743	122,446	70,809	68,121
Taxation 12	-	-	-	-
Net income for the period after taxation	150,743	122,446	70,809	68,121
Allocation of net income for the period				
Net income for the period	150,743	122,446	70,809	68,121
Income already paid on units redeemed	(16,669)	(7,991)	(14,520)	(7,335)
	134,074	114,455	56,289	60,786
Accounting income available for distribution:				
-Relating to capital gains	-	-	-	-
-Excluding capital gains	134,074	114,455	56,289	60,786
	134,074	114,455	56,289	60,786

The annexed notes from 1 to 18 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, 2018

	Six months period ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	Rupees in '000			
Net income for the period	150,743	122,446	70,809	68,121
Other comprehensive income				
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'available for sale'	5.9	11,564	(2,187)	12,954
		(760)		
Total comprehensive income for the period	162,307	120,259	83,763	67,361

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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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, 2018

	Six months period ended December 31,							
	2018				2017			
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on "Available for Sale" Investments	Total	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on "Available for Sale" Investments	Total
(Unaudited)								
Rupees in '000								
Net assets at the beginning of the period	5,240,956	334,755	(1,824)	5,573,887	3,805,627	92,650	2,386	3,900,663
Issue of 31,241,367 units (2017: 195,967,874 units)								
Capital Value	282,719	-	-	282,719	2,018,421	-	-	2,018,421
Element of income	5,370	-	-	5,370	25,045	-	-	25,045
Amount received on issuance of units	288,089	-	-	288,089	2,043,466	-	-	2,043,466
Redemption of 132,050,528 units (2017: 87,367,818 units)								
Capital Value	(1,355,670)	-	-	(1,355,670)	(899,867)	-	-	(899,867)
Element of income								
-Income already paid	-	(16,669)	-	(16,669)	-	(7,991)	-	(7,991)
-Refund / adjustment on units	(1,418)	-	-	(1,418)	(8,736)	-	-	(8,736)
Amount paid / payable on redemption of units	(1,357,088)	(16,669)	-	(1,373,757)	(908,603)	(7,991)	-	(916,594)
Issue of 17,290,368 units under CIP (2017: Nil units)	177,579	-	-	177,579	-	-	-	-
Final distribution for the year ended June 30, 2018: Re. 0.5746 per unit [(Date of Distribution: July 5, 2018)](2017: Nil)	-	(257,164)	-	(257,164)	-	-	-	-
Total comprehensive income / (loss) for the period	-	150,743	11,564	162,307	-	122,446	(2,187)	120,259
Net assets at the end of the period	4,349,536	211,665	9,740	4,570,941	4,940,490	207,105	199	5,147,794
Net assets at the end of the period								
Undistributed income brought forward								
-Realized income		334,755				92,650		
-Unrealized income		-				-		
		334,755				92,650		
Accounting income available for distribution								
-Relating to capital gains		-				-		
-Excluding capital gains		134,074				114,455		
		134,074				114,455		
Final distribution for the year ended June 30, 2018: Re. 0.5746 per unit [(Date of Distribution: July 5, 2018)](2017: Nil)		(257,164)				-		
Undistributed income carried forward		211,665				207,105		
Undistributed income carried forward comprising								
-Realized income		211,665				207,105		
-Unrealized income		-				-		
		211,665				207,105		
Net assets value per unit at beginning of the period				(Rupees) 10,8371				(Rupees) 10,2998
Net assets value per unit at end of the period				10,6100				10,5636

The annexed notes from 1 to 18 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, 2018

Six months period ended
December 31,
2018 2017
------(Unaudited)-----
-----Rupees in '000-----

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation 150,743 122,446

Adjustments

Impairment Loss on Term Finance Certificates 10,857 -
161,600 122,446

(Increase) / decrease in assets

Investments	895,096	675,301
Profit receivables	(30,144)	(7,300)
Deposit with the Central Depository Company of Pakistan Limited	-	(3,850)
Receivable against Margin Trading System	219,887	(46,607)
Receivable against Redemption of Term Finance Certificate	(99,713)	(50,001)
	985,126	567,543

Increase / (decrease) in liabilities

Payable to National Investment Trust Limited - Management Company	161	1,209
Payable to Central Depository Company of Pakistan Limited - Trustee	(65)	114
Annual fee payable to the Securities and Exchange Commission of Pakistan	(1,955)	(1,294)
Payable on redemption of units	(798)	1,654
Accrued expenses and other liabilities	2,561	(4,189)
	(96)	(2,506)

Net cash generated from operating activities 1,146,630 687,483

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issue of units-including CIP	465,668	2,043,466
Payments on redemption of units	(1,373,757)	(916,594)
Distribution paid	(257,119)	(31,687)
Net cash (used in) / generated from financing activities	(1,165,208)	1,095,185

Net (decrease) / increase in cash and cash equivalents during the period (18,578) 1,782,668

Cash and cash equivalents at the beginning of the period 3,084,799 2,683,739

Cash and cash equivalents at the end of the period 3,066,221 4,466,407

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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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, 2018

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) and other allied matters.
- 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. Chandigarh Road, Karachi.
- 1.3 The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange Limited (PSX). 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 par from February 15, 2010 to February 19, 2010 (both days inclusive). Prior to the public offer, units were offered and issued to core investors and pre IPO investors at par value of Rs. 10. Subsequent to the initial period i.e., after February 19, 2010 units are being offered in accordance with the basis specified in the offering document.
- 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.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned "A+(f)" rating to the Fund and 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 the Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 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 International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.

- 2.1 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 annual published audited financial statements of the Fund for the year ended June 30, 2018.
- 2.2 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, 2018.

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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 the 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, 2018

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 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 applied to the financial statements of the Fund as at and for the year ended June 30, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.

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

There are certain new standards, interpretations and amendments to existing standards that are effective for annual accounting periods beginning on July 1, 2018. 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 published accounting and reporting standards that are not yet effective

During the current period the SECP has extended the applicability of IFRS 9: 'Financial Instruments' for periods beginning on or after June 30, 2019. The Management is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and related matters on adoption of this Standard.

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 January 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.

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	-----Rupees in '000-----	
4 BALANCES WITH BANKS		
In savings accounts	3,066,221	3,084,799
	<u>3,066,221</u>	<u>3,084,799</u>

These represent balances with banks in savings accounts carrying rates ranging from 4.00% to 11.25% per annum (June 30, 2018: 3.75% to 7.35% per annum)

	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
		-----Rupees in '000-----	
5 INVESTMENTS			
Available for sale			
Government securities:			
-Market Treasury Bills	5.1	49,181	989,301
Term finance certificates - listed	5.2	224,651	325,051
Term finance certificates - unlisted	5.3	752,515	615,874
Sukuks - Listed	5.4	186,130	163,176
Sukuks - Unlisted	5.5	20,182	22,789
		<u>1,232,659</u>	<u>2,116,191</u>

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5.1 Market Treasury Bills

Issue date	Tenor	Face value				Balance as at December 31, 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the period	Sales / matured during the period	As at December 31, 2018	Carrying value	Market value		
(Rupees in '000)									
Market Treasury Bills									
April 26, 2018	3 Months	50,000		50,000	-	-	-	-	-
June 7, 2018	3 Months	950,000		950,000	-	-	-	-	-
July 19, 2018	3 Months	-	1,300,000	1,300,000	-	-	-	-	-
August 2, 2018	3 Months		2,000,000	2,000,000	-	-	-	-	-
October 11, 2018	3 Months		2,000,000	2,000,000	-	-	-	-	-
October 25, 2018	3 Months		300,000	300,000	-	-	-	-	-
December 6, 2018	3 Months	-	50,000		50,000	49,196	49,181	1.08	3.99
Total - December 31, 2018		1,000,000	5,650,000	6,600,000	50,000	49,196	49,181	1.08	3.99
Total - June 30, 2018						989,460	989,301	17.74	46.74

Treasury bill with a market value of Rs. 49.181 million (June 30, 2018: 49.825 million) has been pledged with National Clearing Company of Pakistan Limited for guaranteeing 'settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the securities and Exchange Commission of Pakistan.

5.2 Term finance certificates - listed

Name of the investee company	Issue date	Number of certificates				Balance as at December 31, 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the period	Disposed during the period	As at December 31, 2018	Carrying value	Market value		
(Rupees in '000)									
Commercial banks									
Summit Bank Limited	October 27, 2011	20,000	-	20,000	-	-	-	-	-
MCB Bank Limited	June 19, 2014	45,000	-	-	45,000	225,703	224,651	4.91	18.22
Total - December 31, 2018		65,000	-	20,000	45,000	225,703	224,651	4.91	18.22
Total - June 30, 2018						325,571	325,051	5.83	15.36

5.3 Term finance certificates - unlisted

Name of the investee company	Issue date	Number of certificates				Balance as at December 31, 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the period	Disposed during the period	As at December 31, 2018	Carrying value	Market value		
(Rupees in '000)									
Commercial banks									
JS Bank Limited	December 14, 2016	12,000		-	12,000	59,968	60,212	1.32	4.88
Bank Al-Falah Limited (5th Issue)	February 20, 2013	52,003		-	52,003	261,591	256,904	5.62	20.84
Habib Bank Limited	February 19, 2016	1,550		-	1,550	154,439	150,293	3.29	12.19
Bank Al-Habib Limited	March 17, 2016	28,125		-	28,125	140,787	160,106	3.50	12.99
Bank Al-Habib Limited	December 6, 2018		25,000	-	25,000	125,000	125,000	2.73	10.14
Total - December 31, 2018		93,678	25,000	-	118,678	741,786	752,515	16.46	61.04
Total - June 30, 2018						617,461	615,874	11.04	29.10

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5.4 Sukuks - Listed

Name of the investee company	Issue date	Number of certificates				Balance as at December 31, 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the period	Disposed during the period	As at December 31, 2018	Carrying value	Market value		
Fatima Fertilizer Company Limited	November 28, 2016	3,678	-	-	3,678	11,034	11,130	0.24	0.90
Dawood Hercules Corporation Ltd	March 1, 2018	1,500	250	-	1,750	174,959	175,000	3.83	14.20
Total - December 31, 2018		5,178	250	-	5,428	185,993	186,130	4.07	15.10
Total - June 30, 2018						162,898	163,176	2.93	7.71

5.5 Sukuks - Unlisted

Name of the investee company	Number of certificates				Balance as at December 31, 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2018	Purchased during the period	Disposed during the period	As at December 31, 2018	Carrying value	Market value		
Ghani Gasses Limited	285	-	-	285	20,241	20,182	0.44	1.64
Total - December 31, 2018	285	-	-	285	20,241	20,182	0.44	1.64
Total - June 30, 2018					22,625	22,789	0.41	1.08

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

Name of securities	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / (Unsecured)	Rating
Listed term finance certificates								
Summit Bank Limited	20,000	Semi - annually	4,985	6-months KIBOR + 3.25%	October 27, 2011	7 years	Unsecured	A-
MCB Bank Limited	45,000	Semi - annually	4,991	6-months KIBOR + 1.15%	June 19, 2014	8 years	Unsecured	AAA
Unlisted term finance certificates								
Bank Al-Falah Limited TFC-5	52,003	Semi - annually	4,989	6-months KIBOR + 1.25%	February 20, 2013	8 years	Unsecured	AA
Habib Bank Limited	1,550	Semi - annually	99,900	6-months KIBOR + 0.5%	February 19, 2016	10 years	Unsecured	AA+
Bank Al-Habib Limited (5th issue)	28,125	Semi - annually	4,995	6-months KIBOR + 0.75%	March 17, 2016	10 years	Unsecured	AA
Bank Al-Habib Limited	25,000	Semi - annually	5,000	6-months KIBOR + 1%	December 6, 2018	10 years	Unsecured	AA
JS Bank Limited	12,000	Semi - annually	4,996	6-months KIBOR + 1.40%	December 14, 2016	7 years	Unsecured	A+
Listed Sukuk								
Fatima Fertilizer Company Limited	3,678	Semi - annually	3,000	6-months KIBOR + 1.10%	November 28, 2016	5 years	Secured	AA-
Dawood Hercules Corporation Ltd	1,750	Quarterly	100,000	3-months KIBOR + 1.00%	March 1, 2018	5 years	Secured	AA
Unlisted Sukuk								
Ghani Gasses Limited	285	Quarterly	70,833	3-months KIBOR + 1.00%	February 2, 2017	6 years	Unsecured	A

5.7 Certificates of Investment

Name of the investee company	Number of certificates				Balance as at December 31, 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2018	Purchased during the period	Sales / matured during the period	As at December 31, 2018	Carrying value	Market value		
Pak Libya Holding Company (Private) Limited	-	1,000,000	1,000,000	-	-	-	-	-
Total - December 31, 2018	-	1,000,000	1,000,000	-	-	-	-	-
Total - June 30, 2018								

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5.8 Letters of Placement

Name of the investee company	Number of certificates				Balance as at December 31, 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2018	Purchased during the period	Sales / matured during the period	As at December 31, 2018	Carrying value	Market value		
Pak Brunei Investment Company Limited	-	300,000	300,000	-	-	-	-	-
Total - December 31, 2018	-	300,000	300,000	-	-	-	-	-
Total - June 30, 2018	-	-	-	-	-	-	-	-

--Rupees in '000-- -----(%)-----

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

	Note	-----December 31----- 2018	2017
		----- (Unaudited) -----	----- (Audited) -----
		----- Rupees in '000 -----	----- Rupees in '000 -----
Market value of investments		1,232,659	612,738
Less: Carrying value of investments		<u>(1,222,919)</u>	<u>(612,539)</u>
		9,740	199
Less: Net unrealised (diminution) / appreciation on re-measurement of investments at beginning of the period		<u>(1,824)</u>	<u>2,386</u>
		<u>11,564</u>	<u>(2,187)</u>
		December 31, 2018	June 30, 2018
		(Un-audited)	(Audited)
		----- Rupees in '000 -----	----- Rupees in '000 -----
6 RECEIVABLE AGAINST MARGIN TRADING SYSTEM		98,838	318,725
Receivable against margin trading system		<u>98,838</u>	<u>318,725</u>

This carries average profit rate of 13.80% (30 June 2017: 9.61%) per annum and are matured at the option of financee subject to maximum period of 60 days

7 RECEIVABLE AGAINST REDEMPTION OF TERM FINANCE CERTIFICATE

The Term Finance Certificates (TFC) of Summit Bank Limited (SBL) had an original maturity of 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 and ultimately the lock-in clause was invoked which states that neither profit nor payment shall be made if the minimum adequacy ratio falls below the minimum level required. Potential merger of Summit Bank Ltd with and into Sindh Bank 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 face of condensed interim statement of financial position.

The TFC was 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) has consented to extend the maturity date for one year as stated above and accordingly, considers the amount to be recoverable on the maturity date. Keeping this in view, the management company has been providing minimum provision of principal amounting to Rs 10.857 million based on number of days default after classification as non-performing (i.e with effect from November 13, 2018) as per timelines given in above SECP circulars in the best interest of unit holders to avoid rapid fluctuations in the daily NAV of the NIT-IF. The management has assessed that the full provision of any installment of principal amount in arrears during the period of non-performance and provision for bullet principal amount in arrears as in the case of TFC of SBL during the period of non-performance need to be looked at separately. Furthermore, profit on installment due amounting to Rs. 4.817 million has also been reversed and no further markup is being accrued on balance amount net of provisions available in books of accounts.

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8	PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY	Note	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
			-----Rupees in '000-----	
On account of:				
	- Management remuneration	8.1	3,935	3,313
	- Sindh sales tax	8.2	512	431
	- sales load		-	452
	- Allocation of expenses related to registrar services accounting, operation and valuation services	8.3	377	467
			<u>4,824</u>	<u>4,663</u>

8.1 The Management Company has its remuneration at the rate of 10% of gross earnings of the Fund subject to upper cap of 1.25 % and lower cap of 0.5% of the average annual net assets of the Fund. (30 June 2018; 10% of gross earnings of the Fund subject to upper cap of 1.25 % and lower cap of 0.5% of the average annual net assets of the Fund).

8.2 During the period, Sindh Sales Tax at the rate of 13% (30 June 2018: 13%) was charged on the management remuneration.

8.3 The Management Company may charge fees and expenses related to registrar services, accounting, operations and valuations services, related to Collective Investment Scheme (CIS) upto a maximum of 0.1% of the average annual net assets of the Scheme. Accordingly, such expenses have been charged at the rate of 0.1% of the average annual net assets of the Scheme being lower than actual expenses.

9	PAYABLE TO THE CENTRAL DEPOSITORY 'COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
			-----Rupees in '000-----	
	Trustee remuneration		401	458
	Sindh sales tax on trustee remuneration	9.1	52	60
			<u>453</u>	<u>518</u>

9.1 During the period, Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) was charged on trustee remuneration.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
			-----Rupees in '000-----	
	Provision for Sindh workers' welfare fund	10.1	16,294	13,218
	Federal Excise Duty	10.2	20,799	20,799
	Auditors' remuneration		563	532
	Legal & professional charges		1,564	1,034
	Printing charges		14	23
	Brokerage		75	178
	Zakat		-	2
	Capital gains tax		84	291
	MTS Charges payable		122	614
	Withholding tax		4	16
	Mutual Fund Rating Fee		-	300
	Others		49	-
			<u>39,568</u>	<u>37,007</u>

10.1 The status of Sindh workers' welfare fund (SWWF) is the same as that disclosed in the annual financial statements for the year ended June 30, 2018. MUFAP has taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Based on the advice of MUFAP on January 12, 2017, that as a matter of abundant caution, the provision for SWWF should be made on prudent basis with the effect from the date of enactment of SWWF act (i.e. May 21, 2015), while the efforts to exclude mutual funds from SWWF continue, provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.0378 (June 30, 2018: Re. 0.0257).

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- 10.2 The status of Federal Excise Duty (FED) is the same as that disclosed in annual financial statements of the Fund for the year ended June 30, 2018. Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 20.799 million whereas an amount of Rs. 1.580 million has been paid to the management company. Had the provision not been made, (and the amount is refunded by the Management Company), the NAV per unit of the Fund would have been higher by Re. 0.0519 (June 30, 2018: Re. 0.0435) per unit.

11 CONTINGENCIES AND COMMITMENTS

- 11.1 The Fund received a show-cause notice dated January 3, 2018 alleging that the Fund is not eligible to claim income tax exemption under clause (99) contained in Part I of Second Schedule to the Ordinance as it did not allegedly distribute at least 90% of its income for tax year 2017 to its unit holders by way of dividend. The notice was duly responded by tax advisor of the Fund vide letter dated January 10, 2018. However, the Assistant Commissioner Inland Revenue (ACIR) proceeded with passing an order dated January 30, 2018.

The Fund filed an Appeal with the Commissioner Inland Revenue - Appeals (CIRA) on February 21, 2018 against the ACIR's order, on the contention that the ACIR had erred in construing that the amount of dividend reinvested by the unit holders in units of the Fund under Cumulative Investment Plan is not to be considered while determining whether the Fund distributed at least 90% of its income to unitholders. The CIRA passed an order dated April 25, 2018 upholding the ACIR's action of rejecting the exemption claim.

The impugned tax demand of Rs. 64.368 million arising from the order has already been collected by the tax authority by way of attachment of bank account which is treated as advance tax. The Fund filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on April 26, 2018 against the CIRA's decision. During the current period, the ATIR has passed an order dated November 22, 2018 whereby, the contention of the Fund has been accepted and the matter has been disposed of. Since the order by ATIR has been made in favour of the Fund and management based on the advice of its tax consultant believes that the matter will be decided in favour of the Fund therefore, no provision has been made in these condensed interim financial statements.

- 11.2 There were no commitments outstanding as at December 31, 2018 and June 30, 2018.

12 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 available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute the income to be earned by the Fund during the year ending June 30, 2019 to the unit holders in cash in the manner as explained above. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

13 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the period divided by average net asset value for the period) is 1.93% per annum. Total expense ratio (excluding government levies) is 1.61 % per annum.

14 TRANSACTIONS WITH CONNECTED PERSONS

- 14.1 Connected persons include National Investment Trust Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the Fund and the directors and officers of the Management Company and the Trustee and unit holders holding 10 percent or more units of the Fund.
- 14.2 Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 14.3 Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations 2008 and the Trust Deed.

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- 14.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at the period end are as follows:

Transactions during the period:	Six months period ended		Quarter ended	
	2018	2017	2018	2017
	(Unaudited)			
	Rupees in '000			
National Investment Trust Limited - Management Company				
Issue 4,797,387 units (2017: 23,790,265 units)	50,387	250,000	50,387	250,000
Issue 7,850,518 units under CIP (2017: Nil units)	80,628	-	-	-
Additional Units: 485,659 as refund of Capital (2017 Nil units)	-	-	-	-
9,534,797 Units redeemed (2017: 9,561,966 units)	100,000	100,000	100,000	100,000
Management fee for the period	20,699	15,135	10,950	8,339
Sindh sales tax on management fee	2,691	1,967	1,424	1,084
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,462	2,403	1,189	1,347
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee for the period	2,525	2,453	1,223	1,338
Sindh sales tax on remuneration to Trustee	328	319	159	174
Central Depository Charges	6	3	4	1
National Investment Trust Limited - Provident Fund				
Issue 336,162 units under CIP (2017: Nil units)	3,353	-	-	-
Redemption of 10,597 units (2017: Nil units)	110	-	-	-
National Investment Trust Limited - Pension Fund				
Issue 904,771 units under CIP (2017: Nil units)	9,292	-	-	-
Redemption of 14,549 units (2017: Nil units)	151	-	-	-
Chief Operating Officer / MD				
Issue 73,111 units under CIP (2017: Nil units)	751	-	-	-
Fund Manager				
Issue 26 units under CIP (2017: Nil units)	0.27	-	-	-
Head of MD's Secretariat				
Nil units held (30 June 2017: 36,924 units)	-	389	-	389

Details of balances outstanding at the period / year end with connected persons are as follows:

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	Rupees in '000	
National Investment Trust Limited - Management Company		
177,361,959 units held (June 30, 2018: 173,763,192 units)	1,881,810	1,883,089
Management fee payable	3,935	3,313
Sindh sales tax	512	431
Sales load payable	-	452
Allocation of expenses related to registrar services, accounting, operation and valuation services	377	467
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	401	458
Sindh sales tax on Trustee Remuneration	52	60
Security Deposit	100	100
National Investment Trust Limited - Provident Fund		
7,394,471 units held (June 30, 2018: 7,068,906 units)	78,455	76,606
National Investment Trust Limited - Pension Fund		
22,102,411 units held (June 30, 2018: 21,212,189 units)	234,507	229,879
Chief Operating Officer / MD		
1,566,570 units held (June 30, 2018: 1,493,459 units)	16,621	16,185
Fund Manager		
555 units held (June 30, 2018: 529 units)	6	6

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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.

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 traded in an open market are revalued at the market prices prevailing on the statement of asset and liabilities date. Investments of the Fund in equity securities are revalued on the basis of closing quoted market prices available at the stock exchange.

Fair value of investments is determined as follows:

- Fair value of quoted equity securities is determined on the basis of closing market prices on the Pakistan Stock Exchange.
- The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

16 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, 2018 and June 30, 2018, the Fund held the following financial instruments measured at fair value:

	(Un-audited)			
	As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investment classified at available for sale				
Market Treasury Bills	-	49,181	-	49,181
Term finance certificates - listed	-	224,651	-	224,651
Term finance certificates - unlisted	-	752,515	-	752,515
Sukuk - Listed	-	186,130	-	186,130
Sukuk - Unlisted	-	20,182	-	20,182
	(Audited)			
	As at June 30, 2018			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investment classified at available for sale				
Market Treasury Bills	-	989,301	-	989,301
Term finance certificates - listed	-	325,051	-	325,051
Term finance certificates - unlisted	-	615,874	-	615,874
Sukuk - Listed	-	163,176	-	163,176
Sukuk - Unlisted	-	22,789	-	22,789

17 GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

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18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 28 Feb 2019 by the Board of Directors of the Management Company.



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



Managing Director

Director

Director

Chief Financial Officer