

NIT Islamic Equity Fund
Condensed Interim Statement of Assets and Liabilities
As at 31 December 2016

	Note	31 December 2016 Unaudited (Rupees in '000)	30 June 2016 Audited
Assets			
Bank balances	6	413,628	871,334
Investments	7	4,365,524	3,999,424
Receivable against sale of investments		49,415	26,222
Dividend and profit receivable		14,249	5,199
Preliminary expenses and flotation costs		3,384	3,877
Security deposits		2,600	2,600
Total assets		4,848,800	4,908,656
Liabilities			
Payable to National Investment Trust Limited - Management Company	8	16,834	16,999
Payable to Central Depository Company of Pakistan Limited - Trustee	9	536	532
Payable to Securities and Exchange Commission of Pakistan		2,243	4,671
Payable against purchase of investments		23,105	41,227
Payable against redemption of units		45,569	1,144
Accrued expenses and other liabilities	10	33,204	27,870
Dividend payable		182	29,741
Total liabilities		121,673	122,184
Net assets		4,727,127	4,786,472
Unit holders' fund (as per statement attached)		4,727,127	4,786,472
Contingencies and commitments	11		
		(Number of units)	
Number of units in issue		368,436,595	459,103,317
Net assets value per unit	Rupees	12.83	10.43

The annexed notes from 1 to 16 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 Equity Fund
Condensed Interim Income Statement (Unaudited)
For the six and three months period ended 31 December 2016

	Note	Six months period ended		Three months period ended	
		2016	2015	2016	2015
----- (Rupees in '000) -----					
Income					
Dividend income		104,657	102,691	70,292	49,923
Gain on sale of investments - net		164,437	5,170	104,504	5,707
Mark-up / return on bank deposits		16,193	26,124	6,456	14,629
Total income		285,287	133,985	181,252	70,259
Expenses					
Impairment loss on equity securities classified as 'available for sale'	7.2.1	50,824	109,995	-	109,995
Remuneration of National Investment Trust Limited - Management Company	8.1	47,267	68,661	23,326	33,132
Sindh Sales Tax on remuneration of Management Company	8.2	6,145	11,151	3,032	5,381
Federal Excise Duty on remuneration of Management Company	10.2	-	10,986	-	5,312
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,869	2,969	1,419	1,532
Sindh Sales Tax on remuneration of Trustee	9.1	373	416	184	215
Annual fee - Securities and Exchange Commission of Pakistan		2,243	2,334	1,107	1,212
Allocation of expenses related to registrar services, accounting, operations and valuation services	8.3	2,363	437	1,166	437
Custodian charges of Central Depository Company of Pakistan Limited		120	55	63	8
Settlement and bank charges		343	485	322	367
Auditors' remuneration		312	202	185	53
Amortization of preliminary expenses and flotation costs		493	504	241	252
Legal & Professional Charges		7	-	-	-
Shariah advisory fee		352	30	204	30
Charity Expense		2,342	2,248	1,539	1,093
Printing and related costs		100	50	100	25
Total expenses		116,153	210,523	32,888	159,044
Net income / (loss) from operating activities		169,134	(76,538)	148,364	(88,785)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(8,029)	1,783	(8,077)	1,984
Provision for Workers' Welfare Fund	10.1	-	-	-	-
Net income / (loss) for the period before taxation		161,105	(74,755)	140,287	(86,801)
Taxation	12	-	-	-	-
Net income / (loss) for the period		161,105	(74,755)	140,287	(86,801)

The annexed notes from 1 to 16 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 Equity Fund
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the six and three months period ended 31 December 2016

	Note	Six months period ended		Three months period ended	
		2016	2015	2016	2015
(Rupees in '000)					
Net income / (loss) for the period		161,105	(74,755)	140,287	(86,801)
Other comprehensive income for the period					
<i>Items to be reclassified to income statement in subsequent periods:</i>					
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	7.2	786,508	(128,622)	516,965	117,893
Total comprehensive income / (loss) for the period		947,613	(203,377)	657,252	31,092

The annexed notes from 1 to 16 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 Equity Fund
Condensed Interim Distribution Statement (Unaudited)
For the six months period ended 31 December 2016

	31 December	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	18,779	10,648
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holders' fund - net	(61,101)	(5,983)
Net income / (loss) for the period	161,105	(74,755)
Undistributed income / (accumulated loss) carried forward - realised	<u>118,783</u>	<u>(70,090)</u>

The annexed notes from 1 to 16 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 Equity Fund

Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)

For the six months period ended 31 December 2016

	Note	31 December	
		2016	2015
		(Rupees in '000)	
Net assets at beginning of the period		4,786,472	4,362,492
[Rs. 10.43 per unit (2015: Rs. 10.27 per unit)]			
Issue of 46,101,624 units (2015 : 137,524,271 units)		537,142	1,401,999
Redemption of 136,768,346 units (2015: 46,497,764 units)		(1,552,129)	(471,680)
		(1,014,987)	930,319
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net			
- amount representing loss / (income) transferred to condensed interim income statement		8,029	(1,783)
- amount representing loss transferred to condensed interim distribution statement		61,101	5,983
		69,130	4,200
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	7.2	786,508	(128,622)
Gain on sale of investments - net		164,437	5,170
Other net loss for the period		(3,332)	(79,925)
Total comprehensive income / (loss) for the period		947,613	(203,377)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holders' fund - net		(61,101)	(5,983)
Net assets at end of the period		4,727,127	5,087,651
[Rs. 12.83 per unit (2015: Rs. 9.86 per unit)]			

The annexed notes from 1 to 16 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 Equity Fund
Condensed Interim Cash Flow Statement (Unaudited)
For the six months period ended 31 December 2016

	Note	31 December	
		2016	2015
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period before taxation		161,105	(74,755)
Adjustments			
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		8,029	(1,783)
Amortization of preliminary expenses and flotation costs		493	504
Impairment loss on equity securities classified as 'available for sale'		50,824	109,995
		220,451	33,961
Decrease / (increase) in assets			
Investments		369,584	(1,075,924)
Receivable against sale of investments		(23,193)	(10,065)
Dividend and profit receivable		(9,050)	(12,985)
		337,341	(1,098,974)
Increase / (decrease) in liabilities			
Payable to National Investment Trust Limited - Management Company		(165)	(1,914)
Payable to Central Depository Company of Pakistan Limited - Trustee		4	65
Payable to Securities and Exchange Commission of Pakistan		(2,428)	1,859
Payable against purchase of investments		(18,122)	(126,686)
Payable against redemption of units		44,425	2,891
Accrued expenses and other liabilities		5,334	6,473
		29,048	(117,312)
Net cash generated / (used in) operating activities		586,840	(1,182,325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issue of units		537,142	1,401,999
Payments against redemption of units		(1,552,129)	(471,680)
Dividend paid		(29,559)	-
Net cash (used in) / from financing activities		(1,044,546)	930,319
Net decrease in cash and cash equivalents during the period		(457,706)	(252,006)
Cash and cash equivalents at beginning of the period	6	871,334	1,340,436
Cash and cash equivalents at end of the period		413,628	1,088,430

The annexed notes from 1 to 16 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 Equity Fund

Notes to and forming part of the Condensed Interim Financial Information (Unaudited)

For the six and three months period ended 31 December 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NIT Islamic Equity 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) on 03 February 2015 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on 24 February 2015. The Fund is categorized as an Equity Scheme as per 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 classified as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (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 has received Rs. 1,848 million against Pre-IPO (initial public offer) of the units from various institutions and individuals during the period from 27 April 2015 to 8 May 2015 (both days inclusive) at the initial offer price of Rs. 10 each. In accordance with clause 1.6 and 3.13.1(d) of offering document of the Fund, the management has decided to allocate additional units against the income earned on the investment of the Pre-IPO investors upto the start of IPO i.e. 11 May 2015 to all the investors who participated in Pre-IPO. In addition, the Fund has received Rs. 2,087 million against IPO from various investors during the period from 11 May 2015 to 15 May 2015 (both days inclusive) at Rs. 10 each. The Fund commenced its business activities from 18 May 2015.
- 1.4 The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange Limited (PSX). Units are offered for subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5 The objective of the Fund is to invest in the equity market when there is an opportunity to invest the funds in a gainful manner and such investment is for the benefit of the Fund based on long term perspective to provide the unit holder safe and Halal income on their investment. Under the Trust Deed all conducts and acts of the fund are based on Shariah. The management company has appointed Mufti Zeeshan Ali Aziz as Shariah Advisor to the NIT Islamic Equity Fund to ensure that the activities of the Fund are in compliance with the Principles of Shariah.
- 1.6 PACRA has assigned an asset manager rating of "AM2+" to the Management Company.
- 1.7 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the fund for the six months period ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (The NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.1 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.2 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2)(f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

2.2 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.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2016.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of condensed interim financial information requires management to make judgements, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2016.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2016.

6 BANK BALANCES

6.1 These represent balances with banks in savings accounts carrying mark-up rates ranging from 2.40% to 6.40% per annum (30 June 2016: 2.00% to 7.50% per annum).

6.2 It includes an amount of Rs. 0.233 million receivable relating to various funds under management against switching of units.

7 INVESTMENTS

		31 December	30 June
		2016	2016
		Unaudited	Audited
		(Rupees in '000)	
Available for sale			
Listed equity securities	7.1	<u><u>4,365,524</u></u>	<u><u>3,999,424</u></u>

7.1 Available for sale - listed equity securities

Name of the investee company	As at 01 July 2016	Purchases during the period	Bonus shares received during the period	Right shares purchased / subscribed during the period	Sales during the period	As at 31 December 2016	Carrying cost as at 31 December 2016	Market value as at 31 December 2016	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	----- (Number of Shares) -----				----- (Rupees in '000) -----		----- (%) -----				
COMMERCIAL BANKS											
Mezan Bank Limited	760,500	-	-	-	-	760,500	31,916	51,798	1.10	1.19	0.09
	760,500	-	-	-	-	760,500	31,916	51,798	1.10	1.19	
TEXTILE COMPOSITE											
Nishat Mills Limited	50,000	76,200	-	-	10,000	116,200	14,170	17,694	0.37	0.41	0.03
	50,000	76,200	-	-	10,000	116,200	14,170	17,694	0.37	0.41	
SUGAR & ALLIED INDUSTRIES											
Habib Sugar Mills Limited	-	28,000	-	-	28,000	-	-	-	-	-	-
	-	28,000	-	-	28,000	-	-	-	-	-	
CEMENT											
Cherat Cement Company Limited	1,069,500	472,100	-	-	706,900	834,700	91,388	145,271	3.07	3.33	0.47
D. G. Khan Cement Co. Limited	1,825,000	744,700	-	-	392,500	2,177,200	396,050	482,751	10.21	11.06	0.50
Fauji Cement Company Limited	4,244,000	-	-	-	1,150,000	3,094,000	114,691	139,478	2.95	3.19	0.23
Lucky Cement Limited	590,700	277,500	-	-	290,150	578,050	339,007	600,742	10.59	11.47	0.18
	7,729,200	1,494,300	-	-	2,539,550	6,683,950	941,136	1,268,242	26.82	29.05	
POWER GENERATION & DISTRIBUTION											
Hub Power Company Limited	2,435,400	225,000	-	-	150,000	2,510,400	260,897	309,984	6.56	7.10	0.22
	2,435,400	225,000	-	-	150,000	2,510,400	260,897	309,984	6.56	7.10	
OIL AND GAS MARKETING COMPANIES											
Pakistan State Oil Company Limited	700,900	10,000	-	-	213,600	497,300	194,013	215,933	4.57	4.95	0.18
	700,900	10,000	-	-	213,600	497,300	194,013	215,933	4.57	4.95	
OIL AND GAS EXPLORATION COMPANIES											
Oil & Gas Development Co.	956,000	981,900	-	-	193,900	1,744,000	250,562	288,370	6.10	6.61	0.04
Sui Northern Gas Pipelines Limited	-	20,000	-	-	-	20,000	956	1,631	0.03	0.04	0.00
Sui Southern Gas Co. Limited	-	20,000	-	-	-	20,000	657	727	0.02	0.02	0.00
Pakistan Oilfields Limited	436,200	-	-	-	127,500	308,700	100,976	165,037	3.49	3.78	0.13
Pakistan Petroleum Limited	443,600	793,000	-	-	100,000	1,136,600	181,065	213,885	4.52	4.90	0.06
	1,835,800	1,814,900	-	-	421,400	3,229,300	534,216	669,650	14.16	15.34	
ENGINEERING											
Crescent Steel And Allied Products Limited	-	268,800	-	-	100,000	168,800	22,068	26,026	0.55	0.60	0.22
Anmreli Steel Limited	611,000	-	-	-	410,000	201,000	10,251	13,384	0.28	0.31	0.07
	611,000	268,800	-	-	510,000	369,800	32,319	39,410	0.83	0.90	
AUTOMOBILE ASSEMBLER											
Honda Atlas Cars Limited	165,900	92,700	-	-	127,500	131,100	40,984	87,659	1.85	2.01	0.09
Indus Motor Company Limited	204,640	7,500	-	-	84,550	127,590	142,646	205,998	4.36	4.72	0.16
Millat Tractors Limited	17,350	17,250	-	-	21,000	13,600	8,020	12,303	0.26	0.28	0.03
Pak Suzuki Motor Company Limited	267,400	38,000	-	-	111,600	193,800	85,851	118,765	2.51	2.72	0.24
	655,290	155,450	-	-	344,650	466,090	277,501	424,725	8.98	9.73	
AUTOMOBILE PARTS & ACCESSORIES											
Agriauto Industries Limited	-	85,500	-	-	-	85,500	19,427	30,608	0.65	0.70	0.30
Thal Limited	159,100	48,700	-	-	90,400	117,400	34,058	59,701	1.26	1.37	0.14
	159,100	134,200	-	-	90,400	202,900	53,485	90,309	2	2	
CABLE & ELECTRIC GOODS											
Pakistan Cables Limited	79,800	90,700	-	-	3,600	166,900	31,753	58,405	1.24	1.34	0.09
	79,800	90,700	-	-	3,600	166,900	31,753	58,405	1.24	1.34	
FERTILIZER											
Dawood Hercules Corporation Ltd	48,000	-	-	-	-	48,000	5,825	6,928	0.15	0.16	0.01
Engro Corporation Limited	784,500	-	-	-	289,900	494,600	146,147	156,338	3.31	3.63	0.09
Engro Fertilizer Limited	2,964,000	710,000	-	-	1,403,500	2,270,500	170,172	154,349	3.26	3.58	0.17
Fatima Fertilizer Company	694,000	-	-	-	120,000	574,000	21,856	21,175	0.45	0.49	0.03
Fauji Fertilizer Bin Qasim Limited	2,833,000	-	-	-	2,262,000	571,000	29,767	29,241	0.62	0.68	0.06
Fauji Fertilizer Company Limited	2,637,200	-	-	-	1,408,200	1,229,000	127,791	128,271	2.71	2.98	0.10
	9,960,700	710,000	-	-	5,483,600	5,187,100	501,558	496,302	10.50	11.51	
PHARMACEUTICALS											
Abbot Laboratories (Pakistan) Limited	57,000	9,100	-	-	10,000	56,100	38,632	53,693	1.14	1.25	0.06
Ferozsons Laboratories Limited	121,800	9,150	-	-	15,600	115,350	95,042	86,368	1.83	2.00	0.38
Glaxosmithkline (Pakistan) Limited	295,800	157,600	-	-	189,500	265,900	54,411	61,568	1.30	1.43	0.08
Glaxosmithkline Consumer Health Care Pakistan Limited	69,270	-	-	-	-	69,270	-	4,295	0.09	0.10	0.07
Searle Pakistan Limited (Note 7.3)	237,847	138,100	43,882	-	95,000	324,829	133,749	212,370	4.49	4.93	0.26
	781,717	313,950	43,882	-	310,100	829,449	321,834	418,294	8.84	9.70	
PAPER & BOARD											
Packages Limited	89,250	61,200	-	-	23,050	127,400	79,428	108,296	2.29	2.51	0.14
	89,250	61,200	-	-	23,050	127,400	79,428	108,296	2.29	2.51	
LEATHER & TANNERIES											
Bata Pakistan Limited	4,180	100	-	-	-	4,280	15,128	18,447	0.39	0.43	0.06
Service Industries Limited	99,000	10,000	-	-	29,150	79,850	73,104	119,544	2.53	2.77	0.66
	103,180	10,100	-	-	29,150	84,130	88,232	137,991	2.92	3.20	
FOOD & PERSONAL CARE PRODUCTS											
Engro Foods Limited	586,500	327,500	-	-	849,000	65,000	10,769	12,476	0.26	0.29	0.01
Mitchell's Fruit Farms Limited	48,350	9,800	-	-	31,200	26,950	8,642	10,006	0.21	0.23	0.34
Shezan International Limited	51,250	20,500	-	-	-	71,750	35,721	36,009	0.76	0.84	0.90
	686,100	357,800	-	-	880,200	163,700	55,132	58,491	1.24	1.36	
Total	26,637,937	5,750,600	43,882	-	11,037,300	21,395,119	3,417,590	4,365,524	92.32	100	

Investments include shares with market value of Rs. 270.516 million (30 June 2016: Rs 226.654 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

7.1.1 All the shares are fully paid up ordinary shares of Rs. 10 each unless otherwise stated.

7.2 Net unrealised diminution on re-measurement of investments classified as 'available for sale'

	31 December 2016	31 December 2015
	Unaudited (Rupees in '000)	
Market value of investments	7.1	4,365,524
Less:		4,001,300
Cost / carrying value of investments	7.1	3,588,571
Provision for impairment there against	7.2.1	(170,981)
		3,417,590
		4,026,851
		947,934
		(25,551)
		(161,426)
		(103,071)
		786,508
		(128,622)

Less: Net unrealised appreciation at beginning of the period

7.2.1 Provision for impairment against equity securities	31 December 2016	30 June 2016
	Unaudited	Audited
	(Rupees in '000)	
Balance as at 1 July	120,157	-
Charge for the period - net of disposals	50,824	109,995
Balance as at 31 December	<u>170,981</u>	<u>109,995</u>

7.3 Finance Act 2014 has introduced tax on bonus shares issued by the Companies. Most equity funds including NIT equity funds have challenged the applicability of withholding tax provision on bonus shares before Honorable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. The Court, in its order dated 25 November 2014, has granted interim relief by passing the restraining order whereby the Defendants, (issuers of the Bonus shares) have refrained from deducting and /or transferring 5% withholding tax on bonus shares issued by them.

As an abundant caution, the Fund has made payments which is equivalent to 5% value of the respective bonus shares, determined on the basis of day-end price on the first day of book closure. These payments have been recorded as part of cost of respective investments. Detail is as follows.

	5% (No. of Bonus shares)	Market value as on 31 December 2016	Payment made to the investee companies
	(Rupees in '000)		
Searle Pakistan Limited*	3,673	2,401	1,713
Searle Pakistan Limited**	1,329	869	-
		<u>3,270</u>	<u>1,713</u>

* Searle Pakistan Limited has not released the bonus shares and retained the payment due to court order.

**Searle Pakistan Limited has not demanded the payment due to filing of petition by the Fund and have not released the shares due to court order.

8 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY		31 December 2016	30 June 2016
		Unaudited	Audited
		(Rupees in '000)	
Management remuneration	8.1	7,786	7,728
Sindh Sales Tax	8.2	1,012	1,234
Preliminary expenses and flotation costs		5,000	5,000
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	386	387
Others		2,650	2,650
		<u>16,834</u>	<u>16,999</u>

8.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. Accordingly, the Management Company has charged its remuneration at the rate of two percent per annum effective from 25 November 2015 (30 June 2016: two percent per annum).

8.2 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, effective from 1 July 2016 (30 June 2016: 14%).

8.3 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 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 allocation of expenses relating to registrar services, accounting, operations and valuation services at 0.1% of average net annual assets of the Fund has been charged with effect from 15 December 2015.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		31 December 2016	30 June 2016
			Unaudited	Audited
			(Rupees in '000)	
	Trustee remuneration		474	467
	Sindh Sales Tax	9.1	# 62	65
			<u>536</u>	<u>532</u>

9.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016 (30 June 2016: 14%).

10 ACCRUED EXPENSES AND OTHER LIABILITIES

	Provision for Workers' Welfare Fund	10.1	#	131	131
	Federal Excise Duty	10.2	#	21,295	21,295
	Brokerage			1,428	2,622
	Charity			2,738	396
	Printing Charges			715	734
	Zakat			11	1,654
	Capital gain tax			6,400	124
	Auditors' remuneration			369	424
	Shariah advisory fee			54	314
	Legal and professional charges			-	60
	Withholding tax			63	116
				<u>33,204</u>	<u>27,870</u>

10.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Mutual Fund Association of Pakistan (MUFAP), after deliberating the position and obtaining advice from the legal counsel, decided that the provision for WWF held for the period from 1 January 2013 to 30 June 2015 should be reversed effective from 12 January 2017. Accordingly, the provision amounted to Rs. 0.131 million has been reversed on 12 January 2017. This has resulted in an increase in NAV per unit of Rs. 0.0004 on 12 January 2017. Had this reversal been recognized on 31 December 2016, the NAV per unit of the Fund would have been higher by Rs. 0.0004 per unit.

Furthermore, 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, while the efforts to exclude mutual funds from SWWF continue. The provision made for SWWF on 12 January 2017 is amounted to Rs. 8.170 million. This has resulted in a decrease in NAV per unit of Rs. 0.0229 on 12 January 2017. Had this provision been recognized on 31 December 2016, the NAV per unit of the Fund would have been lower by Rs. 0.0193 per unit.

- 10.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sind High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 21.295 million. Had the provision not been made, the Net Assets Value (NAV) per unit of the Fund as at 31 December 2016 would have been higher by Rs. 0.0578 per unit (30 June 2016: Rs. 0.0464 per unit). However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

11 CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments as at 31 December 2016.

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 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.

13 TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 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 December 31, 2016 is 2.77% which include 0.37% representing government levy, Worker Welfare Fund and SECP fee.

14 TRANSACTIONS AND BALANCES 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 net assets of the Fund and directors and officers of the Management Company and the Trustee and unit holders holding 10 percent or more units of the Fund.

14.2 The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.

14.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

14.5 Transactions during the period:

	Unaudited			
	Six months period ended		Three months period ended	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
National Investment Trust Limited - Management Company				
Remuneration of the Management Company	47,267	68,661	23,326	33,132
Sindh Sales Tax on management remuneration	6,145	11,151	3,032	5,381
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,363	437	1,166	437
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of the Trustee	2,869	2,969	1,419	1,532
Sindh Sales Tax on remuneration of Trustee	373	416	184	215
Custodian charges	120	55	63	8
Directors and key management personnel				
151,001 units issued (2015: 443,431 units)	1,821	4,525	1,321	2,200
10,347 units redeemed (2015: 280,576 units)	111	2,791	-	1,171

14.6 Amounts outstanding as at period end

	31 December 2016	30 June 2016
	Unaudited	Audited
	(Rupees in '000)	
National Investment Trust Limited - Management Company		
103,705,609 units held (30 June 2016: 103,705,609)	1,330,543	1,081,649
Management remuneration payable	7,786	7,728
Sindh Sales Tax payable	1,012	1,234
Allocation of expenses related to registrar services, accounting, operation and valuation services	386	387
Preliminary expenses and flotation costs payable	5,000	5,000
Others payable	2,650	2,650
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	474	467
Sindh Sales Tax payable	62	65
Directors and key management personnel		
712,808 units held (30 June 2016: 572,154 units)	9,145	5,968

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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy.

		31 December 2016							
		Unaudited				Audited			
		Carrying amount				Fair Value			
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Listed equity securities	4,365,524	-	-	4,365,524	4,361,229	-	4,295	4,365,524
Financial assets not measured at fair value									
	15.1								
	Bank balances	-	413,628	-	413,628	-	-	-	-
	Receivable against sale of investments	-	49,415	-	49,415	-	-	-	-
	Dividend and profit receivables	-	14,249	-	14,249	-	-	-	-
	Security deposits	-	2,600	-	2,600	-	-	-	-
		-	479,892	-	479,892	-	-	-	-
Financial liabilities not measured at fair value									
	15.1								
	Payable to National Investment Trust Limited - Management Company	-	-	16,834	16,834	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	536	536	-	-	-	-
	Payable against purchase of investments	-	-	23,105	23,105	-	-	-	-
	Payable against redemption of units	-	-	45,569	45,569	-	-	-	-
	Accrued expenses and other liabilities	-	-	26,599	26,599	-	-	-	-
	Dividend payable	-	-	182	182	-	-	-	-
		-	-	112,825	112,825	-	-	-	-
		30 June 2016							
		Audited				Audited			
		Carrying value				Fair Value			
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Listed equity securities	3,999,424	-	-	3,999,424	3,995,129	-	4,295	3,999,424
Financial assets not measured at fair value									
	Bank balances	-	871,334	-	871,334	-	-	-	-
	Dividend and profit receivables	-	5,199	-	5,199	-	-	-	-
	Receivable against sale of investments	-	26,222	-	26,222	-	-	-	-
	Security deposits	-	2,600	-	2,600	-	-	-	-
		-	905,355	-	905,355	-	-	-	-
Financial liabilities not measured at fair value									
	Payable to National Investment Trust Limited - Management Company	-	-	16,999	16,999	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	532	532	-	-	-	-
	Payable against purchase of investments	-	-	41,227	41,227	-	-	-	-
	Payable against redemption of units	-	-	1,144	1,144	-	-	-	-
	Accrued expenses and other liabilities	-	-	25,845	25,845	-	-	-	-
	Dividend payable	-	-	29,741	29,741	-	-	-	-
		-	-	115,488	115,488	-	-	-	-

15.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

16 DATE OF AUTHORISATION FOR ISSUE

This condensed financial information was authorised for issue on February 27, 2017 by the Board of Directors of the Management Company.

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

**Sd/-
Managing Director**

**Sd/-
Director**

**Sd/-
Director**