

**NIT - ISLAMIC INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT SEPTEMBER 30, 2017**

	September 30, 2017	June 30, 2017
Note	(Unaudited)	(Audited)
	-----Rupees in '000-----	
<b>ASSETS</b>		
Bank balances	5 450,471	450,853
Investments	6 7,974	8,074
Profit Receivable	7 1,784	2,134
Security deposits	100	100
Preliminary expenses and floatation costs	8 752	803
<b>Total assets</b>	<b>461,081</b>	<b>461,964</b>
<b>LIABILITIES</b>		
Payable to National Investment Trust Limited - Management Company	9 1,432	5,122
Payable to Central Depository Company of Pakistan Limited - Trustee	10 76	76
Payable to Securities and Exchange Commission of Pakistan	88	379
Payable against redemption of units	-	8,376
Accrued expenses and other liabilities	11 4,148	4,373
Dividend Payable	489	2,610
<b>Total liabilities</b>	<b>6,233</b>	<b>20,936</b>
<b>NET ASSETS</b>	<b>454,848</b>	<b>441,028</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>454,848</b>	<b>441,028</b>
Contingencies and commitments	12	
	----- Number of units -----	
<b>Number of units in issue</b>	<b>44,895,036</b>	<b>43,988,959</b>
	-----Rupees-----	
<b>Net asset value per unit</b>	<b>10.1314</b>	<b>10.0259</b>

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 QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	04 July 2016 to 30 September 2016,
	------(Unaudited)-----	
	------(Rupees in '000)-----	
<b>INCOME</b>		
Mark-up on Fixed Income Securities	141	-
Profit on bank deposits	6,048	3,854
	<b>6,189</b>	<b>3,854</b>
<b>EXPENSES</b>		
Remuneration of National Investment Trust Limited		
- Management Company	9.1 463	280
Sindh Sales Tax on remuneration to Management Company	9.2 60	36
Remuneration of Central Depository Company of Pakistan Limited - Trustee	199	112
Sindh Sales tax on Trustee remuneration	10.1 26	15
Annual fee - Securities and Exchange Commission of Pakistan	88	50
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3 124	66
Amortisation of preliminary expenses and floatation costs	51	50
Auditors' remuneration	70	24
Settlement and bank charges	2	26
Listing fee	39	24
Shariah Advisory Fee	9	15
<b>Total expenses</b>	<b>1,131</b>	<b>698</b>
<b>Net income from operating activities</b>	<b>5,058</b>	<b>3,156</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	-	554
Provision for Sindh Workers' Welfare Fund	11.1 (101)	-
<b>Net income for the period before taxation</b>	<b>4,957</b>	<b>3,710</b>
Taxation	13 -	-
<b>Net income for the period</b>	<b>4,957</b>	<b>3,710</b>
<b>Allocation of net income for the period after taxation</b>		
Income already paid on units redeemed	487	
Accounting income available for distribution:		
-Relating to capital gains	-	
-Excluding capital gains	4,470	
	<b>4,470</b>	
	<b>4,957</b>	

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 QUARTER ENDED SEPTEMBER 30, 2017**

	<u>September 30,</u> <u>2017</u>	<u>04 July 2016 to 30</u> <u>September 2016,</u>
	------(Unaudited)-----	
Note	------(Rupees in '000)-----	
Net income for the period after taxation	4,957	3,710
<b>Other comprehensive income for the period</b>		
Net unrealised (diminution) in the fair value of investments classified as 'available for sale'	6.1                      (100)	-
<b>Total comprehensive income for the period</b>	<u><u>4,857</u></u>	<u><u>3,710</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 QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	04 July 2016 to 30 September 2016
Note	------(Unaudited)-----	
	------(Rupees in '000)-----	
<b>Net assets at the beginning of the period</b> [Rs. 10.0259 per unit]	<b>441,028</b>	-
Issue of 19,241,349 units (2016: 37,558,591 units)	<b>193,826</b>	376,584
Redemption of 18,335,272 units (2016: 5,194,347 units)	<b>(184,863)</b>	(52,390)
	<b>8,963</b>	324,194
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	-	(554)
Net unrealised (diminution) in the fair value of investments classified as 'available for sale'	<b>(100)</b>	-
Other net income for the period	<b>4,957</b>	3,710
<b>Total comprehensive income for the period</b>	<b>4,857</b>	3,710
<b>Net assets at the end of the period</b> [Rs. 10.1314 per unit (2016: Rs. 10.1146 per unit)]	<b>454,848</b>	327,350
<b>Distribution for the period including:</b>		
<b>Undistributed income brought forward-realized</b>	<b>793</b>	-
<b>Accounting income available for distribution</b>		
-Relating to capital gains	-	-
-Excluding capital gains	<b>4,470</b>	3,710
	<b>4,470</b>	3,710
Income already paid on units redeemed	<b>487</b>	-
<b>Undistributed income carried forward -realized</b>	<b>5,750</b>	3,710

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**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	04 July 2016 to 30 September 2016
	------(Unaudited)-----	
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	4,957	3,710
<b>Adjustments:</b>		
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	-	(554)
	<u>4,957</u>	<u>3,156</u>
<b>(Increase) / decrease in assets</b>		
Accrued income	350	(3,039)
Advances, deposits, prepayments and other receivables	-	(100)
Amortization of Formation Cost	51	(968)
	<u>401</u>	<u>(4,107)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	(3,690)	1,312
Payable to Central Depository Company of Pakistan Limited - Trustee	-	51
Payable to Securities and Exchange Commission of Pakistan	(291)	50
Payable against redemption of units	(8,376)	6,572
Accrued expenses and other liabilities	(225)	71
	<u>(12,582)</u>	<u>8,056</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(7,224)</u>	<u>7,105</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	193,826	376,584
Payments on redemption of units	(184,863)	(52,390)
Dividend paid	(2,121)	-
<b>Net cash generated from financing activities</b>	<u>6,842</u>	<u>324,194</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>(382)</u>	<u>331,299</u>
Cash and cash equivalents at the beginning of the period	450,853	-
<b>Cash and cash equivalents at the end of the period</b>	<u><u>450,471</u></u>	<u><u>331,299</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**  
**Notes to and forming part of the Condensed Interim Financial Information**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 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 "AA-(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 Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information 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 repealed 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 (the 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.
- 2.1.2** 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 2017.
- 2.1.3** 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).

**3 Significant Accounting Policies**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2017 except for change in accounting policy for recognition of Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed (Element of Income).

In view of the amendments made in the NBFC Regulations vide SRO 756(I)/2017 the accounting policy for the recognition of Element of Income has been changed from July 1, 2017 with prospective effect. Previously the Element of Income was recognized in the income statement to the extent that it is represented by income earned during the year and unrealized appreciation / (diminution) arising during the year on 'available for sale' securities was included in the Distribution Statement. However, due to said changes in the NBFC Regulations, Element of Income is a transaction of capital nature and the receipt and payment of element of income will now be recognized directly in to the Unit Holders' Fund.

**4 Use of Judgements and Estimates**

The preparation of condensed interim financial information requires management to make judgments, 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 the annual financial statements as at and for the year ended 30 June 2017.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

**5 BANK BALANCES**

These accounts carry return at rates ranging from 2.05% to 5.25% per annum. (June 30, 2017: 2.40% to 6.45% per annum)

**6 INVESTMENTS**

**September      June 30,**  
**30, 2017          2017**  
**(Un audited)      (Audited)**  
-----Rupees in '000-----

**Available for sale**

Debt securities:

- Sukuk

7,974      8,074  
7,974      8,074

Name of the investee company	Number of certificates				Balance as at September 30, 2017		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2017	Purchased during the period	Sales / matured during the period	As at 30 September 2017	Carrying value	Market value		
					Rupees in '000		----- (%) -----	
Fatima Fertilizer Company Limited	1,717	-	-	1,717	7,727	7,974	1.75	100.00
<b>Total - 30 September 2017</b>	<b>1,717</b>	<b>-</b>	<b>-</b>	<b>1,717</b>	<b>7,727</b>	<b>7,974</b>	<b>1.75</b>	<b>100.00</b>

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

	-----September 30----- 2017                      2016 ----- (Unaudited) ----- -----Rupees in '000-----
Market value of investments	<u>7,974</u> -
Less: carrying value of investments	<u>(7,727)</u> -
	247      -
Less: net unrealised diminution at the beginning of the period	<u>347</u> -
	<u>(100)</u> -

**7 PROFIT RECEIVABLES**

Profit on saving accounts  
Mark-up on fixed income securities

	<b>September      June 30,</b> <b>30, 2017          2017</b> <b>(Un audited)      (Audited)</b> -----Rupees in '000-----
	<u>1,590</u> 2,081
	<u>194</u> 53
	<u>1,784</u> 2,134

**8 PRELIMINARY EXPENSES AND FLOTATION COSTS**

Preliminary expenses and flotation costs  
Less: amortisation during the period

	<b>September      June 30,</b> <b>30, 2017          2017</b> <b>(Un audited)      (Audited)</b> -----Rupees in '000-----
	<u>803</u> 1,018
8.1	<u>(51)</u> (215)
	<u>752</u> 803

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.

9	PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY	September 30, 2017	June 30, 2017	
		(Un audited)	(Audited)	
-----Rupees in '000-----				
	Management remuneration	9.1	162	150
	Sindh Sales Tax on management remuneration	9.2	21	19
	Preliminary expenses and flotation costs		1,018	1,018
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	86	40
	Dividend payable		-	3,750
	Others		145	145
			<u>1,432</u>	<u>5,122</u>

**9.1** The Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2 percent of average net assets. The Management Company has its remuneration at the rate of 7.5% (30 June 2017: 7.5 percent) of gross earning with a minimum of 0.25% (30 June 2017: 0.25 percent) and maximum of 1 % (30 June 2017: 1 percent) of average annual net assets in the current period.

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2017: 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.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	September 30, 2017	June 30, 2017	
		(Un audited)	(Audited)	
-----Rupees in '000-----				
	Trustee remuneration		67	67
	Sales tax payable on trustee remuneration	10.1	9	9
			<u>76</u>	<u>76</u>

**10.1** The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% (June 2017: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	September 30, 2017	June 30, 2017	
		(Un audited)	(Audited)	
-----Rupees in '000-----				
	Provision for Sindh Worker's Welfare Fund	11.1	508	407
	Capital gain tax		48	149
	Auditors' remuneration		195	125
	Listing Fee		177	139
	Printing charges		2	3
	Shariah Advisory Fee		31	22
	Withholding Tax		1,006	1,091
	Zakat payable		2,181	2437
			<u>4,148</u>	<u>4,373</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, while the efforts to exclude mutual funds from SWWF continue. Accordingly, the provision of Rs. 0.508 million has been made for SWWF as on 30 September 2017. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.0113. (June 30, 2017: 0.0093)

## **12 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at 30 September 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 2018 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

## **14 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 1.05%. Total expense ratio (excluding government levies) is 0.82% .

## **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:	September 30, 2017	04 July 2016 to 30 September 2016
	------(Un audited)-----	
	-----Rupees in '000-----	
<b>National Investment Trust Limited - Management Company</b>		
Issue of units: Nil (2016: 15,000,000 units)	-	150,000
Remuneration of the Management Company	463	280
Sindh Sales Tax on Management remuneration	60	36
Allocation of expenses related to registrar services, accounting, operation and valuation services	124	66
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	199	112
Sindh Sales Tax on Trustee Remuneration	26	15

- 15.5 Amounts outstanding as at period end:

Amounts outstanding as at period end:	September 30, 2017 (Un audited)	June 30, 2017 (Audited)
	Rupees in '000	
<b>National Investment Trust Limited - Management Company</b>		
15,108,573 Units held ( 30 June 2017: 15,108,573 units)	153,071	151,477
Management remuneration	162	150
Sindh Sales Tax on Management remuneration	21	19
Preliminary expenses & floatation costs	1,018	1,018
Others	145	145
Allocation of expenses related to registrar services, accounting, operation and valuation services	86	40
Dividend payable	-	3,750
Others	145	145
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	67	67
Sindh Sales Tax on Trustee remuneration	9	9

## 16 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 26, 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/-  
Managing Director

Sd/-  
Director

Sd/-  
Director