



**NIT Islamic Income Fund
Condensed Interim Financial
Statements (Unaudited)
for the Quarter Ended
30 September 2022**

**NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2022**

	September 30, 2022	June 30, 2022
Note	(Unaudited)	(Audited)
	-----Rupees in '000-----	
ASSETS		
Bank balances	4 312,843	318,638
Investments	5 490,160	499,703
Profit Receivable	23,568	16,129
Security deposits	100	100
Total assets	826,671	834,570
LIABILITIES		
Payable to National Investment Trust Limited - Management Company	6 1,138	2,064
Payable to Central Depository Company of Pakistan Limited - Trustee	7 59	62
Payable to Securities and Exchange Commission of Pakistan	41	180
Payable against redemption of units	2	-
Accrued expenses and other liabilities	8 318	902
Dividend Payable	1,179	877
Total liabilities	2,737	4,085
NET ASSETS	823,934	830,485
Unit holders' fund (as per statement attached)	823,934	830,485
Contingencies and commitments	9	
	----- Number of units -----	
Number of units in issue	84,563,723	80,940,846
	-----Rupees-----	
Net asset value per unit	9.7434	10.2604

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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

-sd-
Managing Director

-sd-
Director

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Director

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Chief Financial Officer

NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

		2022	2021
	Note	-----Rupees in '000-----	
INCOME			
Income from Commercial Paper		-	4,051
Income from Ijarah Sukuk		5,620	-
Income from sukuks		14,273	4,411
Profit on bank deposits		11,417	8,140
(Loss) on sale of investments -net		-	(380)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.4	331	139
		31,641	16,361
EXPENSES			
Remuneration of National Investment Trust Limited - Management Company	6.1	2,005	1,328
Sindh Sales Tax on remuneration to Management Company	6.2	261	173
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	156	169
Sindh Sales tax on Trustee remuneration	7.2	20	22
Annual fee - Securities and Exchange Commission of Pakistan		41	45
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	428	221
Auditors' remuneration		114	105
Legal & Professional Charges		11	3
Settlement and bank charges		84	90
Shariah Advisory Fee		43	47
Total expenses		3,163	2,203
Net income from operating activities		28,478	14,158
Reversal of Provision for Sindh Workers' Welfare Fund	8.1	-	4,735
Net income for the period before taxation		28,478	18,893
Taxation	10	-	-
Net income for the period		28,478	18,893
Allocation of net income for the period after taxation			
Net income for the period		28,478	18,893
Income already paid on units redeemed		(1,939)	(3,015)
		26,539	15,878
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		26,539	15,878
		26,539	15,878

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

-sd-	-sd-	-sd-	-sd-
Managing Director	Director	Director	Chief Financial Officer

**NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

		<u>2022</u>	<u>2021</u>
	Note	-----Rupees in '000-----	
Net income for the period after taxation		28,478	18,893
Other comprehensive income for the period			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through other comprehensive income' (FVOCI)	5.5	(940)	2,051
Total comprehensive income for the period		<u>27,538</u>	<u>20,944</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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

-sd-	-sd-	-sd-	-sd-
Managing Director	Director	Director	Chief Financial Officer

**NIT - ISLAMIC INCOME FUND
CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	<u>2022</u>	<u>2021</u>
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	28,478	18,893
decrease / (Increase) in assets		
Investments	8,603	(46,621)
Accrued income	(7,439)	(3,379)
	1,164	(50,000)
(decrease) / Increase in liabilities		
Payable to National Investment Trust Limited - Management Company	(926)	114
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	9
Payable to Securities and Exchange Commission of Pakistan	(139)	(128)
Payable against redemption of units	2	9,350
Accrued expenses and other liabilities	(584)	(5,067)
	(1,650)	4,278
Net cash generated / (used in) from operating activities	27,992	(26,829)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units-including CIP	365,245	638,978
Payments on redemption of units	(344,295)	(464,205)
Dividend paid	(54,737)	(52,213)
Net cash (used in) / generated from financing activities	(33,787)	122,560
Net (decrease) / increase in cash and cash equivalents during the period	(5,795)	95,731
Cash and cash equivalents at the beginning of the period	318,638	454,754
Cash and cash equivalents at the end of the period	312,843	550,485

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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

-sd-	-sd-	-sd-	-sd-
Managing Director	Director	Director	Chief Financial Officer

NIT - ISLAMIC INCOME FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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 under the Trust Act, 1882. 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.

The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Sindh Trusts Act, 2020 have been introduced as part of this act. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Trusts Act, 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Trusts Act, 2020 for registration. Subsequently on November 01, 2021 trust deed of the fund has been registered under Sindh Trust Act, 2020.

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 listed on Pakistan Stock Exchange. 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 dated September 09, 2022 and has assigned an asset manager rating of "AM1" dated May 24, 2022 and VIS Credit Rating Company has reaffirmed asset manager rating of 'AM1' to the Management Company on December 30, 2021.

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

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
- 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 the requirements of the Trust Deed.

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 2022.

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).

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, 2022.

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 judgments 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, 2022. 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, 2022.

4 BANK BALANCES

These accounts carry return at rates ranging from 5.50 % to 15.50% per annum. (June 30, 2022: 5.5 % to 15.50% per annum)

		September 30, 2022 (Un audited)	June 30, 2022 (Audited)
-----Rupees in '000-----			
5 INVESTMENTS			
Fair Value through Other Comprehensive income			
Debt securities:			
- Sukuk-listed	5.1.1	9,488	10,554
- Sukuk-unlisted	5.1.2	45,205	33,485
- Privately Placed Short term Sukuk-unlisted		-	19,727
- Government securities	5.1.3	161,806	161,923
Fair Value through Profit or Loss			
- Sukuk - listed	5.2.1	273,661	225,619
- Sukuk - unlisted		-	48,395
		<u>490,160</u>	<u>499,703</u>

5.1.1 Investment in Fair Value through Comprehensive income

5.1.1 Sukuks-Listed

Name of the investee company	Number of certificates				Balance as at September 30, 2022		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2022	Purchased during the period	Sales / matured during the period	As at 30 September 2022	Carrying value	Market value		
					Rupees in '000		----- (%)-----	
Masood Textile Mills Limited	15	-	-	15	9,643	9,488	1.15	1.94
Total - 30 September 2022	15	-	-	15	9,643	9,488	1.15	1.94

5.1.2 Sukuks-unlisted

Dubai Islamic Bank Limited	25	-	-	25	25,234	25,838	3.14	5.27
Ghani Gases Corporation Ltd	285	-	-	285	7,405	6,555	0.80	1.34
Hub Power Company Limited	250	-	-	250	12,500	12,813	1.56	2.61
Total - 30 September 2022	560	-	-	560	45,140	45,205	5.50	9.22

5.1.3 Investment in Government Securities - Ijarah Sukuks

Ijarah Sukuks	167,000	-	-	167,000	167,000	161,806	19.64	33.01
Total - 30 September 2022	167,000	-	-	167,000	167,000	161,806	19.64	33.01

5.2 Investment in Fair Value through Profit or Loss

5.2.1 Sukuks-Listed

K Electric Limited	12,217	-	-	12,217	62,380	62,307	7.56	12.71
Pak Elektron Limited	50	-	-	50	49,419	49,424	6.00	10.08
Masood Textile Mills Limited	25	-	-	25	15,804	15,813	1.92	3.23
Hub Power Holding Company Ltd	500	-	-	500	49,497	49,497	6.01	10.10
OBS AGP Private Limited	460	-	-	460	49,230	46,621	5.66	9.51
Lucky Electric Power Company Limited	50	-	-	50	50,000	50,000	6.07	10.20
Total - 30 September 2022	13,302	-	-	13,302	276,330	273,661	33.22	55.83

5.3 Significant terms and conditions of sukuk outstanding at the period end are as follows:

Name of security	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / Unsecured	Rating
Sukuks - listed							
Masood Textile Mills Limited	40	642,857	3-months KIBOR + 2.00%	17 December 2019	5 years	Secured	A
K-Electric Limited	12,217	5,000	3-months KIBOR + 1.7%	03 August 2020	7 years	Secured	AA+
OBS AGP Limited	460	100,000	3-months KIBOR + 1.55%	15 July 2021	5 years	Secured	A+
Pak Electron Limited	50	1,000,000	3-months KIBOR + 1.30%	15 November 2021	15 months	Secured	A+
Lucky Electric Power Company Limited	50	1,000,000	6-months KIBOR + 1.20%	15 June 2022	6 months	Unsecured	AA
Hub Power Holding Limited	500	100,000	6-months KIBOR + 2.5%	12 November 2020	5 years	Secured	AA+
Sukuks - unlisted							
Dubai Islamic Bank Limited	25	1,000,000	6-months KIBOR + 0.50%	14 July 2017	10 years	Unsecured	AA-
Ghani Chemical Industries Limited	285	25,000	3-months KIBOR + 1.00%	02 February 2017	7 years	Secured	A
The Hub Power Company Limited	250	75,000	3-months KIBOR + 1%	22 August 2019	4 years	Secured	AA+
Government securities							
Ijarah sukuk	167,000	100	13.46%	30 April 2020	5 years	Secured	

Significant terms and conditions of commercial papers outstanding at the period end are as follows:

Name of security	Interest / mark-up rates	Issue Date	Maturity Date	Carrying value as at September 30, 2022 (Rupees in '000)	Carrying value as a %age of net assets
Lucky Electric Power Co Ltd	9.62%	November 9, 2021	May 9, 2022	-	-

5.4 Net unrealised appreciation on re-measurement of investments classified as 'fair value through profit or loss'

	September 30	
	2022	2021
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
Market value of investments	224,164	172,550
Less: Carrying value of investments	(223,833)	(172,411)
	<u>332</u>	<u>139</u>

5.5 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'fair value through other comprehensive income

	September 30	
	2022	2021
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
Market value of investments	201,617	240,117
Less: carrying value of investments	(206,901)	(244,360)
	(5,284)	(4,243)
Less: net unrealised appreciation / (diminution) at the beginning of the period	(4,344)	(6,294)
	<u>(940)</u>	<u>2,051</u>

6 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY

		September 30, June 30,	
		2022	2022
		(Un audited) (Audited)	
		----- Rupees in '000 -----	
Management remuneration	6.1	688	737
Sindh Sales Tax on management remuneration	6.2	89	96
Preliminary expenses and flotation costs		-	1,018
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	216	68
Others		145	145
		<u>1,138</u>	<u>2,064</u>

- 6.1 The Management Company has charged its remuneration at the rate of 7.5% (30 June 2022: 7.5 percent) of gross earning with a minimum of 0.25% (30 June 2022: 0.25 percent) and maximum of 1 % (30 June 2022: 1 percent) of average annual net assets.
- 6.2 During the period, Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) was charged on the management remuneration.
- 6.3 In accordance with Regulation 60(3)(S) of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).
- The Management Company charged Rs. 0.428 million for allocation of such expenses to the Fund which is lower than actual expenses incurred.

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	September 30, 2022 (Un audited)	June 30, 2022 (Audited)
	-----Rupees in '000-----	
Trustee remuneration	7.1	52
Sales tax payable on trustee remuneration	7.2	7
	<u>59</u>	<u>62</u>

7.1 The Fund has charged trustee remuneration at the rate of 0.075% p.a. (30 June 2022: 0.075%) of net assets.

7.2 During the period, Sindh Sales Tax at the rate of 13% (30 June 2022: 13%) was charged on trustee remuneration.

8 ACCRUED EXPENSES AND OTHER LIABILITIES	September 30, 2022 (Un audited)	June 30,2022 (Audited)
	-----Rupees in '000-----	
Capital gain tax	145	550
Auditors' remuneration	109	235
Legal and Professional Charges	-	8
Printing charges	19	33
Settlement charges	19	30
Shariah Advisory Fee	21	12
Zakat payable	5	6
	<u>318</u>	<u>902</u>

8.1 SINDH WORKERS' WELFARE FUND (SWWF)

Sindh Revenue Board (SRB) through its letter dated August 12, 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF amounting to Rs. 4.735 million recognised in the financial statements of the Funds, for the period from inception of Fund to August 12, 2021, on August 13, 2021 and the same has been recorded as income in the financial statements.

The SECP has given its concurrence for reversal of provision for SWWF through its letter dated August 30, 2021. Accordingly, going forward, no provision for SWWF has been recognised in the financial statements of the Fund from 13 August 2021.

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and September 30, 2022.

10 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 accumulated losses and 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 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 2023 as reduced by accumulated losses and capital gains (whether realised or unrealised) to its unit holders in the form of cash.

11 Total Expense Ratio

Total Expense Ratio of the Fund is 1.52% as on September 30, 2022 and this includes 0.16% representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations 60(5) for a collective investment scheme categorised as an Income Scheme.

12 TRANSACTIONS WITH CONNECTED PERSONS

12.1 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.

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

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

12.4 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,	
	2022	2021
	------(Unaudited)-----	
	-----Rupees in '000-----	
National Investment Trust Limited - Management Company		
Issue of 1,321,237 units under CIP (2021: 1,194,990 units)	12,450	11,180
Remuneration of the Management Company	2,005	1,328
Sindh Sales Tax on Management remuneration	261	173
Allocation of expenses related to registrar services, accounting, operation and valuation services	428	221
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	156	169
Sindh Sales Tax on Trustee Remuneration	20	22
Directors and Key management personnel		
Issue of 1,775,201 units (2021: 179,709 units)	367,028	1,705
Issue of 3,631 units under CIP (2021: 27,449 units)	34	257
Additional units: 1,044 as refund of capital (2021: 2,220 units)	-	-
Redemption of 1,796,295 units (2021: 181,322 units)	17,236	1,735

12.5 Amounts outstanding as at period end:

	September 30,	June 30,
	2022	2022
	(Un audited)	(Audited)
	Rupees in '000	
National Investment Trust Limited - Management Company		
18,812,372 Units held (30 June 2022: 17,491,135 units)	183,296	179,466
Management remuneration	688	737
Sindh Sales Tax on Management remuneration	89	96
Preliminary expenses & floatation costs	-	1,018
Allocation of expenses related to registrar services, accounting, operation and valuation services	216	68
Others	145	145
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	52	55
Sindh Sales Tax on Trustee remuneration	7	7
Key management personnel		
43,406 Units held (30 June 2022: 59,824 units)	423	614

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 21 Oct 2022 by the Board of Directors of the Management Company.

14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For National Investment Trust Limited
(Management Company)

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Managing Director

Director

Director

Chief Financial Officer