

Operating as an Open-end Equity Fund Since 1962, NI(U)T is the flagship carrier of a diversified portfolio of Collective Investment Schemes managed by NITL with net assets of PKR 66.83 billion and 48,170 unit holders.



CORPORATE INFORMATION

FUND NAME

National Investment (Unit) Trust

NAME OF AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants

LIST OF BANKERS

Allied Bank Limited
Bank Al Falah Limited
Bank Al Habib Limited
Habib Bank Limited
National Bank of Pakistan
NIB Bank Limited
Summit Bank Limited
United Bank Limited

TRUSTEE REPORT

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of National Investment (Unit) Trust (the Fund) are of the opinion that National Investment Trust Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Sd/-

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 22, 2016

NATIONAL INVESTMENT (UNIT) TRUST
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 (Rupees in '000)	2015
Income			
Dividend income	16	3,176,697	2,472,681
Gain on sale of investments - net		5,264,473	3,713,444
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.7	141,163	950,166
Income from government securities		6,164	80,476
Profit on bank deposits		96,586	230,241
Income on issue of units		2,199	51,629
Other income		-	8,670
Total income		8,687,282	7,507,307
Expenses			
Impairment loss on equity securities classified as 'available for sale'	6.8.1	17,465	44,060
Remuneration of National Investment Trust Limited - Management Company	9.1	654,396	691,221
Federal Excise Duty on remuneration of Management Company	12.2	104,703	110,595
Sindh Sales Tax on remuneration of Management Company	9.2	106,274	120,273
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	27,627	28,319
Sindh Sales Tax on remuneration of trustee	10.2	3,867	-
Annual fee - Securities and Exchange Commission of Pakistan	11	61,950	65,580
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	38,583	-
Custodian charges of Central Depository Company of Pakistan Limited		563	265
Securities transaction costs		155	411
Settlement and bank charges		1,313	1,577
Financial charges	17	24,548	8,998
Auditors' remuneration	18	959	924
Legal and professional charges		1,322	105
SECP registration fee		-	1,000
Printing and other charges		1,909	2,350
Mutual fund rating fee		232	211
Others	7.2	11,703	58
Total expenses		1,057,569	1,075,947
Net income from operating activities		7,629,713	6,431,360
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		28,239	(137,608)
Provision for Workers' Welfare Fund	12.1	-	(127,011)
Net income before taxation		7,657,952	6,166,741
Taxation	19	-	-
Net income for the year		7,657,952	6,166,741

The annexed notes from 1 to 30 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 (Rupees in '000)	2015
Net income for the year		7,657,952	6,166,741
Other comprehensive income			
Items to be reclassified to income statement in subsequent periods:			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	6.8	(1,656,676)	6,600,193
Total comprehensive income for the year		6,001,276	12,766,934

The annexed notes from 1 to 30 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
DISTRIBUTION STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2016

	2016 (Rupees in '000)	2015
Undistributed income brought forward comprising		
- Realised income	1,914,694	2,421,656
- Unrealised income	2,419,321	747,282
	4,334,015	3,168,938
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	(85,329)	(399,939)
Net income for the year	7,657,952	6,166,741
Interim distribution for the year ended 30 June 2016: Rs. 4.5 per unit (Date of distribution: 15 June 2016) [2015: Rs. 4.25 per unit (Date of distribution: 24 June 2015)]		
- Cash distribution	(2,582,270)	(2,804,280)
- Issue of units under Cumulative Investment Plan	(1,900,044)	(1,797,445)
	(4,482,314)	(4,601,725)
Undistributed income carried forward	7,424,324	4,334,015
Undistributed income carried forward comprising		
- Realised income	5,004,141	1,914,694
- Unrealised income	2,420,183	2,419,321
	7,424,324	4,334,015

The annexed notes from 1 to 30 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
 FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 (Rupees in '000)	2015
Net assets at beginning of the year [Rs. 63.75 per unit (2015: Rs. 56.59 per unit)]		70,852,025	59,902,173
Issue of 37,956,495 units (2015: 161,489,471 units)	15	2,423,085	9,808,129
Redemption of 153,353,516 units (2015: 167,773,021 units)	15	(9,835,580)	(10,686,547)
Issue of 29,748,619 units under Cumulative Investment Plan (2015: 59,304,106 units)	15	1,900,044	3,525,453
		(5,512,451)	2,647,035
		65,339,574	62,549,208
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net			
- amount representing (income) / loss transferred to income statement		(28,239)	137,608
- amount representing loss transferred to distribution statement		85,329	399,939
		57,090	537,547
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	6.8	(1,656,676)	6,600,193
Gain on sale of investments - net		5,264,473	3,713,444
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.7	141,163	950,166
Other net income for the year		2,252,316	1,503,131
Total comprehensive income for the year		6,001,276	12,766,934
Interim distribution for the year ended 30 June 2016: Rs. 4.5 per unit (Date of distribution: 15 June 2016) [2015: Rs. 4.25 per unit (Date of distribution: 24 June 2015)]			
- Cash distribution		(2,582,270)	(2,804,280)
- Issue of units under Cumulative Investment Plan		(1,900,044)	(1,797,445)
		(4,482,314)	(4,601,725)
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		(85,329)	(399,939)
Net assets at end of the year [Rs. 65.15 per unit (2015: Rs. 63.75 per unit)]		66,830,297	70,852,025

The annexed notes from 1 to 30 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

Note	2016 (Rupees in '000)	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	7,657,952	6,166,741
Adjustments		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.7 (141,163)	(950,166)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(28,239)	137,608
Impairment loss on equity securities classified as 'available for sale'	6.8.1 17,465	44,060
	7,506,015	5,398,243
Decrease / (increase) in assets		
Investments	1,697,862	588,796
Receivable against sale of investments	15,327	(731)
Dividend and other receivables	21,839	46,896
	1,735,028	634,961
(Decrease) / increase in liabilities		
Payable to National Investment Trust Limited - Management Company	199,277	(162,966)
Payable to Central Depository Company of Pakistan Limited - Trustee	219	113
Payable to Securities and Exchange Commission of Pakistan	(3,630)	13,698
Payable against purchase of investments	265	39,413
Accrued expenses and other liabilities	(224,920)	611,422
	(28,789)	501,680
	9,212,254	6,534,884
Net cash generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	2,423,085	9,808,129
Amount paid against redemption of units	(9,835,307)	(10,685,989)
Distribution paid	(4,026,307)	(2,926,506)
Net cash (used in) financing activities	(11,438,529)	(3,804,366)
	(2,226,275)	2,730,518
Net (decrease) / increase in cash and cash equivalents during the year		
Cash and cash equivalents at beginning of the year	4,272,389	1,541,871
Cash and cash equivalents at end of the year	5 2,046,114	4,272,389

The annexed notes from 1 to 30 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The National Investment (Unit) Trust (NI(U)T), was established under a Trust Deed executed between National Investment Trust Limited (NITL) as Management Company and National Bank of Pakistan (NBP) as Trustee. The Trust Deed was executed on 12 November 1962, and was amended vide Supplemental Trust Deeds dated 26 June 1968, 7 June 1981, 27 November 1998, 12 November 2002, 31 December 2003, 18 January 2007, 1 April 2014 and 3 September 2014. The functions of the Fund are governed by the Trust Deed and the National Investment (Unit) Trust Ordinance, 1965. The Central Depository Company of Pakistan has been appointed Trustee of the Fund with effect from 16 May 2014 in place of National Bank of Pakistan. The Fund is categorised 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 Privatisation Commission, Government of Pakistan had invited expressions of interest for the sale of the rights to manage the Fund which exists solely with the Management Company, NITL. The Trustee and the Management Company hold the rights and privileges of the Unit Holders to be paramount. No progress has been made in privatisation of the Fund initiated by Privatisation Commission.
- 1.4** 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.
- 1.5** PACRA has assigned an asset manager rating of "AM2+" to the Management Company. The requirement in respect of rating of the equity fund has been withdrawn. Accordingly, rating of the Fund is not carried out.
- 1.6** 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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified 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 (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 IFRS, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for investments which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future

NATIONAL INVESTMENT (UNIT) TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally related to classification and valuation of investments and impairment thereagainst, if any (note 4.1 and note 6).

3 NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS OF IFRSs

3.1 IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statement of the Fund.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that use of revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Fund's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment company; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Fund's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Fund's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Fund's financial statements.

NATIONAL INVESTMENT (UNIT) TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Fund's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in the Fund's financial statements.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented except for the additional disclosures (refer note 3.1).

4.1 Financial assets

4.1.1 Classification

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

a) Loans and receivables

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

b) Financial assets at fair value through profit or loss

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

c) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity.

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

d) Available for sale

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

4.1.2 Regular way contracts

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

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

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

a) Basis of valuation of equity securities / units of mutual funds

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Mutual funds' units are valued by reference to the net assets values (redemption prices) declared by the respective funds.

Investments in unquoted equity securities are carried at lower of investment price or their breakup value.

b) Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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

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

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

Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.1.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment loss on investment other than 'available for sale' is recognised in the Income Statement whenever the carrying amount of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through the Income Statement.

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value is reclassified from other comprehensive income to income statement. Impairment losses recognised on equity securities in the income statement are not reversed subsequently.

4.1.6 Derecognition

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

4.1.7 Offsetting of financial assets and liabilities

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

4.2 Cash and cash equivalents

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

4.3 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Provisions

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

4.6 Taxation

The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

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

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

4.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on the date on which the funds are actually realized against application. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company. Transaction costs are recorded as the income of the Fund.

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

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

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

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

4.9 Net assets value per unit

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

4.10 Earnings per unit (EPU)

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

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition of qualifying assets (one that takes substantial period of time to get ready for use or sale) are capitalised as part of the cost of the asset. Other borrowing costs are taken to the income statement in the year in which they are incurred. Currently the Fund does not have any qualifying assets.

4.12 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as available for sale are included in the statement of comprehensive income in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets at 'fair value through profit and loss' are included in income statement in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Profit on bank deposits, mark-up income on government securities and mark-up income on debt securities is recognised using effective yield method.
- Income from investment in morabaha arrangements, term finance certificates and other redeemable capital is recognised on an accrual basis, except where recovery is doubtful, in which case it is credited to the suspense account.

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4.13 Proposed distributions

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

5	BANK BALANCES	2016		2015	
		(Rupees in '000)			
	In current accounts	5.1	1,976		13,072
	In saving accounts	5.1 & 5.2	2,044,138		4,259,317
			2,046,114		4,272,389

5.1 The above include an amount of Rs. 549.571 million (30 June 2015: Rs. 494.881 million) relating to unclaimed distribution.

5.2 These accounts carry return at rates ranging from 4.00% to 7.25% per annum (30 June 2015: 5.00% to 10.25% per annum).

6 INVESTMENTS

At fair value through profit or loss - held for trading

Investment in shares / units of mutual funds 6.1.1 **2,841,996** 2,886,224

Available for sale

Investment in shares / units of mutual funds 6.2.1 **64,626,481** 67,813,093
Investment in government securities 6.2.2 - -
64,626,481 67,813,093

Held to maturity

6.3
- Morabaha arrangements **54,125** 54,125
- Participation term certificates **10,500** 10,500
- Term finance certificates **8,880** 8,880
73,505 73,505
Less: Provision for impairment loss on held to maturity investments **(73,505)** (73,505)
- -

67,468,477 **70,699,317**

6.1 At fair value through profit or loss - Held for trading

6.1.1 Equity shares / units of mutual funds

Name of Investee Companies	As at 01 July 2015	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2016	Carrying cost as at 30 June 2016	Market value / carrying value as at 30 June 2016	Market value / carrying value as a percentage of net assets	Market value / carrying value as a percentage of investments	Percentage of paid-up capital of the investee company held
Close - End Mutual Fund											
PICIC Growth Fund	37,442	-	-	-	-	37,442	1,028	891	0.00	0.00	0.01
	37,442	-	-	-	-	37,442	1,028	891	0.00	0.00	
Modarabas											
Alnoor Modaraba First	663,440	-	-	-	55,000	608,440	2,616	2,574	0.00	0.00	2.90
B.R.R. Guardian Modaraba	1,864,274	-	-	-	40,000	1,824,274	14,102	12,679	0.02	0.02	2.34
Elite Capital Modaraba First	395,120	-	-	-	2,500	392,620	1,641	1,570	0.00	0.00	3.46
First Fidelity Leasing Modaraba	495,078	-	-	-	-	495,078	1,475	1,188	0.00	0.00	1.87
IBL Modaraba First	1,078,774	-	-	-	-	1,078,774	2,816	3,020	0.00	0.00	5.34
KASB Modaraba	392,245	-	-	-	-	392,245	1,291	980	0.00	0.00	0.82
Standard Chartered Modaraba	1,955,098	-	-	-	146,500	1,808,598	54,258	45,215	0.07	0.07	3.99
U.D.L. Modaraba First	808,125	-	-	-	52,500	755,625	18,724	14,735	0.02	0.02	2.86
	7,652,154	-	-	-	296,500	7,355,654	96,923	81,961	0.11	0.11	
Leasing Companies											
English Leasing Limited	707,261	-	-	-	-	707,261	460	-	-	-	8.84
National Asset Leasing Corporation Limited	265,013	-	-	-	-	265,013	26	-	-	-	2.78
Natover Lease & Refinance Limited	729,349	-	-	-	-	729,349	-	-	-	-	8.31
	1,701,623	-	-	-	-	1,701,623	486	-	-	-	

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Name of Investee Companies	As at 01 July 2015	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2016	Carrying cost as at 30 June 2016	Market value / carrying value as at 30 June 2016	Market value / carrying value as a percentage of net assets	Market value / carrying value as a percentage of investments	Percentage of paid-up capital of the investee company held	
	(Number of Shares)				(Rupees in '000)			(%)				
Financial Services												
Invest Capital Investment Bank Limited	1,438,138	-	-	-	100,000	1,338,138	1,940	1,459	0.00	0.00	0.47	
	1,438,138	-	-	-	100,000	1,338,138	1,940	1,459	0.00	0.00		
Commercial Banks												
Allied Bank Limited	-	15,000	-	-	15,000	-	-	-	-	-	-	
Habib Bank Limited	-	15,000	-	-	15,000	-	-	-	-	-	-	
MCB Bank Limited	-	29,800	-	-	20,000	9,800	2,531	2,156	0.00	0.00	0.00	
	-	59,800	-	-	50,000	9,800	2,531	2,156	0.00	0.00		
Textile Spinning												
D.S. Industries Limited	335,102	-	-	-	35,000	300,102	1,206	831	0.00	0.00	0.50	
Din Textile Mills Limited	22,920	-	-	-	-	22,920	3,008	1,939	0.00	0.00	0.10	
Maqbool Textile Mills Limited	245,873	-	-	-	-	245,873	4,770	4,180	0.01	0.01	1.46	
Premium Textile Mills Limited	2,016	-	-	-	-	2,016	201	166	0.00	0.00	0.03	
	605,911	-	-	-	35,000	570,911	9,185	7,116	0.01	0.01		
Textile Composite												
Crescent Textile Mills Limited	237,572	-	-	56,975	294,547	-	-	-	-	-	-	
Fateh Textile Mills Limited	58,125	-	-	-	-	58,125	-	-	-	-	4.65	
Gul Ahmed Textile Mills Limited (Note 6.6)	3,073,622	-	-	869,586	185,000	3,758,208	156,905	136,009	0.20	0.20	1.27	
Kohinoor Mills Limited	1,485,229	-	-	-	643,000	842,229	14,572	17,013	0.03	0.03	1.65	
Mehmood Textile Mills Limited	128,063	-	-	-	-	128,063	40,137	25,760	0.04	0.04	0.85	
Sapphire Fibers Limited	362,871	-	-	-	-	362,871	214,094	203,208	0.30	0.30	1.84	
Sapphire Textile Mills Limited	571,112	-	-	-	-	571,112	326,676	388,356	0.58	0.58	2.84	
	5,916,594	-	-	926,561	1,122,547	5,720,608	752,384	770,346	1.15	1.15		
Woolen												
Bannu Woolen Mills Limited	468,137	-	-	-	34,000	434,137	22,093	23,079	0.03	0.03	4.57	
	468,137	-	-	-	34,000	434,137	22,093	23,079	0.03	0.03		
Synthetic & Rayon												
Pakistan Synthetics Limited	2,484,783	-	-	-	353,000	2,131,783	37,029	62,427	0.09	0.09	3.80	
	2,484,783	-	-	-	353,000	2,131,783	37,029	62,427	0.09	0.09		
Cement												
D. G. Khan Cement Company Limited	-	30,000	-	-	30,000	-	-	-	-	-	-	
Fauji Cement Company Limited	-	500,000	-	-	500,000	-	-	-	-	-	-	
Lucky Cement Limited	-	50,000	-	-	50,000	-	-	-	-	-	-	
	-	580,000	-	-	580,000	-	-	-	-	-	-	
Tobacco												
Pakistan Tobacco Company Limited	29,714	-	-	-	11,550	18,164	16,419	22,897	0.03	0.03	0.01	
	29,714	-	-	-	11,550	18,164	16,419	22,897	0.03	0.03		
Refinery												
Pakistan Refinery Limited	104,928	-	-	-	104,928	-	-	-	-	-	-	
	104,928	-	-	-	104,928	-	-	-	-	-	-	
Power Generation & Distribution												
Kohinoor Energy Limited	511,867	-	-	-	46,000	465,867	23,526	19,194	0.03	0.03	0.27	
	511,867	-	-	-	46,000	465,867	23,526	19,194	0.03	0.03		
Oil & Gas Marketing Companies												
Sui Northern Gas Pipelines Limited (note 6.5)	47,432	-	-	-	-	47,432	1,264	1,721	0.00	0.00	0.01	
	47,432	-	-	-	-	47,432	1,264	1,721	0.00	0.00		
Oil & Gas Exploration Companies												
Oil & Gas Development Company Limited	127,900	14,500	-	-	142,400	-	-	-	-	-	-	
Pakistan Oilfields Limited	-	50,000	-	-	50,000	-	-	-	-	-	-	
Pakistan Petroleum Limited	-	42,000	-	-	42,000	-	-	-	-	-	-	
	127,900	106,500	-	-	234,400	-	-	-	-	-	-	
Automobile Parts Accessories												
General Tyre And Rubber Company of Pakistan Limited	-	16,000	-	-	16,000	-	-	-	-	-	-	
	-	16,000	-	-	16,000	-	-	-	-	-	-	
Cable & Electric Goods												
Siemens Pakistan Engineering Company Limited	34,713	-	-	-	-	34,713	44,232	34,525	0.05	0.05	0.42	
	34,713	-	-	-	-	34,713	44,232	34,525	0.05	0.05		
Transport												
Pakistan International Airlines Corporation	227,650	-	-	-	25,000	202,650	2,203	1,435	0.00	0.00	0.01	
	227,650	-	-	-	25,000	202,650	2,203	1,435	0.00	0.00		
Fertilizer												
Dawood Hercules Corporation Limited	731,456	-	-	-	252,200	479,256	55,963	71,347	0.11	0.11	0.10	
Fauji Fertilizer Bin Qasim Limited	-	35,000	-	-	35,000	-	-	-	-	-	-	
	731,456	35,000	-	-	287,200	479,256	55,963	71,347	0.11	0.11		
Pharmaceuticals												
Abbot Laboratories (Pakistan) Limited	60,009	-	-	-	1,500	58,509	39,044	44,116	0.07	0.07	0.06	
Glaxosmithkline (Pak) Limited	103,959	-	-	-	103,959	-	-	-	-	-	-	

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	(Number of Shares)				(Rupees in '000)			(%)				
Highnoon Laboratories Limited (note 6.6)	103,698	-	107	-	102,800	1,005	233	579	0.00	0.00	0.00	
	267,666	-	107	-	208,259	59,514	39,277	44,695	0.07	0.07		
Chemical												
Linde Pakistan Limited (BOC)	66,160	-	-	-	5,000	61,160	8,556	6,391	0.01	0.01	0.24	
Stara Chemical Industries Limited	17,064	-	-	-	17,064	-	-	-	-	-	-	
	83,224	-	-	-	22,064	61,160	8,556	6,391	0.01	0.01		
Paper & Board												
Packages Limited	-	2,550	-	-	2,550	-	-	-	-	-	-	
Security Papers Limited (note 6.6)	42,928	-	-	-	500	42,428	3,757	4,480	0.01	0.01	0.07	
	42,928	2,550	-	-	3,050	42,428	3,757	4,480	0.01	0.01		
Leather & Tanneries												
Service Industries Limited	1,660,475	-	-	-	4,500	1,655,975	1,399,912	1,464,296	2.19	2.17	13.77	
	1,660,475	-	-	-	4,500	1,655,975	1,399,912	1,464,296	2.19	2.17		
Foods & Personal Care Products												
Engro Foods Limited	-	35,000	-	-	-	35,000	5,601	5,717	0.01	0.01	0.00	
Nestle Pakistan Limited	2,796	-	-	-	240	2,556	24,924	18,659	0.03	0.03	0.01	
	2,796	35,000	-	-	240	37,556	30,525	24,376	0.04	0.04		
Glass & Ceramics												
Ghani Glass Mills Limited	343,301	-	-	70,560	292,500	121,361	6,040	11,454	0.02	0.02	0.06	
	343,301	-	-	70,560	292,500	121,361	6,040	11,454	0.02	0.02		
Miscellaneous												
Pakistan Services Limited	210,756	-	-	-	-	210,756	104,324	142,203	0.21	0.21	0.65	
Tri Pack Films Limited	257,958	-	-	49,614	109,700	197,872	33,680	35,991	0.05	0.05	0.51	
	468,714	-	-	49,614	109,700	408,628	138,004	178,194	0.26	0.26		
Delisted / Unquoted Companies												
Callmate Telips Telecom	83	-	-	-	-	83	-	-	-	-	0.00	
Sapphire Holding Limited	571,112	-	-	-	-	571,112	5,711	5,711	0.01	0.01	2.84	
Unilever Brothers Limited - Preference	123	-	-	-	-	123	1,845	1,845	0.00	0.00	-	
	571,318	-	-	-	-	571,318	7,556	7,556	0.01	0.01		
Total - 30 June 2016	25,560,864	834,850	107	1,046,735	3,936,438	23,506,118	2,700,833	2,841,996	4.23	4.21		
Total - 30 June 2015	31,800,432	2,169,850	632,988	577,442	9,619,848	25,560,864	1,936,084	2,886,224	4.06	4.07		

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

6.2 Available for sale

6.2.1 Equity shares / units of mutual funds

Name of Investee Companies	As at 01 July 2015	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Merger/ demerger adjusting effects	Sales during the year	As at 30 June 2016	Carrying cost as at 30 June 2016	Market value / carrying value as at 30 June 2016	Market value / carrying value as a percentage of net assets	Market value / carrying value as a percentage of investments	Percentage of paid-up capital of the investee company held
	(Number of shares)				(Rupees in '000)			(%)				

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Name of Investee Companies	As at 01 July 2015	Purchases during the year	Bonus issue during the year	Right shares purchased/subscribed during the year	Merger/demerger adjusting effects	Sales during the year	As at 30 June 2016	Carrying cost as at 30 June 2016	Market value / carrying value as at 30 June 2016	Market value / carrying value as a percentage of net assets	Market value / carrying value as a percentage of investments	Percentage of paid-up capital of the investee company held	(Number of shares)			(Rupees in '000')			(%)			
First Dawood Investment Bank Limited	2,368,064	-	-	-	-	490,000	1,878,064	1,427	1,916	0.00	0.00	1.27										
Invest Capital Investment Bank Limited	8,271,554	-	-	-	-	-	8,271,554	1,654	9,016	0.01	0.01	2.90										
IGI Investment Bank Limited	6,433,579	-	-	-	-	1,429,000	5,004,579	4,504	6,256	0.01	0.01	2.36										
Investec Securities Limited	98,518	-	-	-	-	-	98,518	-	-	-	-	0.60										
J.O.V.& Company Limited	1,775,606	-	-	-	-	-	1,775,606	-	-	-	-	3.49										
Jahangir Siddiqui & Company Limited	993,701	-	-	188,740	-	175,000	1,007,441	5,085	19,947	0.03	0.03	0.11										
Next Capital Limited	500,000	-	-	-	-	-	500,000	1,900	4,000	0.01	0.01	2.50										
Prudential Investment Bank Limited	326,292	-	-	-	-	-	326,292	-	-	-	-	3.26										
Security Investment Bank Limited	2,262,698	-	-	-	-	-	2,262,698	2,829	4,390	0.01	0.01	4.40										
	27,682,403	-	-	188,740	-	2,104,000	25,767,143	24,606	55,073	0.08	0.08											
Commercial Banks																						
Allied Bank Limited	1,864,104	-	-	-	-	387,000	1,477,104	93,652	132,880	0.20	0.20	0.13										
Askari Bank Limited	30,034,856	-	-	-	-	2,454,500	27,580,356	252,050	515,201	0.77	0.76	2.19										
Bank Al - Falah Limited	1,438,409	-	-	-	-	525,000	913,409	10,387	23,356	0.03	0.03	0.06										
Bank Al - Habib Limited	84,316,829	100,000	-	-	-	8,754,500	75,662,329	819,997	3,262,559	4.88	4.84	6.81										
Bankislami Pakistan Limited	397,816	-	-	-	-	150,000	247,816	1,532	2,610	0.00	0.00	0.02										
Faysal Bank Limited (Note 6.6)	6,309,853	-	-	-	-	3,293,000	3,016,853	15,467	39,551	0.06	0.06	0.25										
Habib Bank Limited	1,517,533	-	-	-	-	561,700	955,833	128,250	188,834	0.28	0.28	0.07										
Habib Metropolitan Bank Limited	58,007,607	25,000	-	-	-	5,534,500	52,498,107	798,139	1,489,371	2.23	2.21	5.01										
JS Bank Limited	12,586,161	-	-	-	-	2,381,500	10,204,661	19,636	60,616	0.09	0.09	0.95										
MCB Bank Limited	113,842	-	-	-	-	-	113,842	13,407	25,048	0.04	0.04	0.01										
National Bank Of Pakistan Limited	1,462,078	-	-	-	-	959,500	502,578	14,942	29,054	0.04	0.04	0.02										
NIB Bank Limited	4,151,532	-	-	-	-	2,500,000	1,651,532	2,495	3,154	0.00	0.00	0.02										
Samba Bank Limited	3,823,804	-	-	-	-	707,500	3,116,304	8,014	23,840	0.04	0.04	0.31										
Silkbank Limited	11,179,004	-	-	20,878,413	-	11,177,000	20,880,417	32,574	35,497	0.05	0.05	0.27										
Summit Bank Limited	2,507,478	-	-	-	-	1,975,500	531,978	1,112	1,591	0.00	0.00	0.03										
Soneri Bank Limited	117,273,049	-	-	-	-	6,427,500	110,845,549	354,060	1,576,224	2.36	2.34	10.05										
United Bank Limited	823,599	-	-	-	-	272,500	551,099	60,651	97,500	0.15	0.14	0.05										
	337,807,554	125,000	-	20,878,413	-	48,061,200	310,749,767	2,626,365	7,506,886	11.22	11.12											
Textile Spinning																						
Adii Textile Mills Limited	93,592	-	-	-	-	-	93,592	-	-	-	-	1.21										
Amtext Limited	918,523	-	-	-	-	555,000	363,523	436	578	0.00	0.00	0.14										
Al - Qaim Textile Mills Limited	358,753	-	-	-	-	-	358,753	-	-	-	-	4.81										
Asim Textile Mills Limited	1,142,800	-	-	-	-	2,000	1,140,800	-	5,761	0.01	0.01	7.52										
Babri Cotton Mills Limited	80,578	-	-	-	-	-	80,578	392	8,232	0.01	0.01	2.21										
Brothers Textile Mills Limited	602,461	-	-	-	-	23,000	579,461	-	2,608	0.00	0.00	5.91										
Crescent Cotton Mills Limited	1,048,579	-	-	-	-	-	1,048,579	5,505	47,186	0.07	0.07	4.91										
Crescent Fibres Limited	852,681	-	-	-	-	-	852,681	-	34,022	0.05	0.05	6.87										
Colony Textile Mills Limited	1,204,498	-	-	-	-	130,000	1,074,498	1,357	2,751	0.00	0.00	0.22										
Chakwal Spinning Mills Limited	754,008	-	-	-	-	12,000	742,008	-	4,081	0.01	0.01	1.86										
Data Textile Limited	618,595	-	-	-	-	-	618,595	-	-	-	-	6.24										
Din Textile Mills Limited	340,301	-	-	-	-	-	340,301	3,847	28,786	0.04	0.04	1.52										
Dewan Khalid Textile Mills Limited	224,486	-	-	-	-	-	224,486	225	1,010	0.00	0.00	3.40										
Dewan Mushtaq Textile Mills Limited	197,424	-	-	-	-	5,000	192,424	385	885	0.00	0.00	2.93										
D. M. Textile Mills Limited	331,614	-	-	-	-	2,500	329,114	592	11,193	0.02	0.02	10.78										
D.S. Industries Limited	44,780	-	-	-	-	-	44,780	35	124	0.00	0.00	0.07										
Dar-Es-Salaam Textile Mills Limited	266,787	-	-	-	-	5,000	261,787	576	1,374	0.00	0.00	3.27										
Ellicot Spinning Mills Limited	704,380	-	-	-	-	-	704,380	7,482	51,695	0.08	0.08	6.43										
Fatima Enterprises Limited	628,671	-	-	-	-	-	628,671	-	-	-	-	4.42										
Fazal Cloth Mills Limited	1,768,488	-	-	-	-	-	1,768,488	13,415	251,125	0.38	0.37	5.89										
Fazal Textile Mills Limited	67,755	-	-	-	(67,755)	-	-	-	-	-	-	-										
Gadon Textile Mills	-	-	-	-	132,499	-	132,499	1,231	17,038	0.03	0.03	-										
Globe Textile Mills Limited	2,472	-	-	-	-	-	2,472	-	-	-	-	0.02										
Gulshan Spinning Mills Limited	1,151,974	-	-	-	-	14,000	1,137,974	-	-	-	-	5.12										
Gulistan Textile Mills Limited	734,617	-	-	-	-	-	734,617	-	-	-	-	3.87										
Hajra Textile Mills Limited	518,063	-	-	-	-	-	518,063	-	-	-	-	3.77										
Ideal Spinning Mills Limited	658,396	-	-	-	-	-	658,396	922	8,401	0.01	0.01	6.64										
Indus Dyeing Manufacturing Company Limited	525,295	-	-	-	-	-	525,295	5,509	272,155	0.41	0.40	2.91										
J. A. Textile Mills Limited	279,861	-	-	-	-	152,500	127,361	611	-	0.00	0.00	1.01										
Karim Cotton Mills Limited	110,562	-	-	-	-	-	110,562	-	-	-	-	9.34										
Kohinoor Spinning Mills Limited	540,827	-	-	-	-	5,000	535,827	-	3,086	0.00	0.00	0.41										
Khalid Siraj Textile Mills Limited	700,498	-	-	-	-	17,500	682,998	-	2,391	0.00	0.00	6.38										
Land Mark Spinning Industries Limited	395,437	-	-	-	-	-	395,437	-	1,977	0.00	0.00	3.26										
Mehr Dastgir Textile Mills Limited	259	-	-	-	-	-	259	-	-	-	-	0.00										
Maqbool Textile Mills Limited	1,420,216	-	-	-	-	-	1,420,216	11,362	24,144	0.04	0.04	8.45										
Premium Textile Mills Limited	807,307	-	-	-	-	-	807,307	8,803	65,506	0.10	0.10	13.10										
Reliance Cotton Spinning Mills Limited	465,638	-	-	-	-	-	465,638	3,824	38,275	0.06	0.06	4.52										
Ruby Textile Mills Limited	482,164	-	-	-	-	45,500	436,664	-	3,782	0.01	0.01	0.84										
Saif Textile Mills Limited	1,955,871	-	-	-	-	9,000	1,946,871	4,809	34,596	0.05												

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Sanghar Sugar Mills Limited	1,063,616	-	-	-	-	-	1,063,616	-	45,789	0.07	0.07	8.90											
Shakarganj Limited	7,049,053	-	-	3,951,076	-	1,081,500	9,918,229	60,574	154,929	0.23	0.23	9.02											
Shahtaj Sugar Mills Limited	801,695	-	-	-	-	-	801,695	13,393	79,769	0.12	0.12	6.67											
Shahmurad Sugar Mills Limited	1,789,910	-	-	-	-	-	1,789,910	-	74,281	0.11	0.11	8.48											
Sakrand Sugar Mills Limited	340,700	-	-	-	-	-	340,700	-	920	0.00	0.00	1.53											
Saleem Sugar Limited (O)	8,761	-	-	-	-	-	8,761	-	-	-	-	0.78											
Saleem Sugar Limited (P) 6 %	198	-	-	-	-	-	198	-	-	-	-	0.40											
Cement	33,302,342	53,000	-	3,951,076	-	1,805,000	35,984,152	156,588	1,609,873	2.38	2.37												
Attock Cement Pakistan Limited	66,956	-	-	-	-	5,000	61,956	2,274	14,790	0.02	0.02	0.05											
Bestway Cement Limited	447,020	-	-	-	-	-	447,020	5,223	77,638	0.12	0.12	0.08											
Cherat Cement Company Limited	14,521,858	47,500	-	-	-	6,055,500	8,513,858	129,667	1,018,002	1.52	1.51	4.82											
D. G. Khan Cement Company Limited	2,063,181	25,000	-	-	-	615,000	1,473,181	51,822	280,626	0.42	0.42	0.34											
Fauji Cement Company Limited	2,771,867	440,000	-	-	-	675,000	2,536,867	64,818	90,820	0.14	0.13	0.19											
Fecto Cement Limited	1,161,655	-	-	-	-	-	1,161,655	4,530	134,171	0.20	0.20	2.32											
Kohat Cement Limited	102,600	-	-	-	-	21,100	81,500	6,431	21,347	0.03	0.03	0.05											
Pakcem Limited	5,126,952	-	-	-	-	-	5,126,952	9,639	90,542	0.14	0.13	0.35											
Lucky Cement Limited	1,688,235	57,000	-	-	-	262,900	1,482,335	152,793	961,309	1.44	1.42	0.46											
Maple Leaf Cement Factory Limited	249,746	-	-	-	-	-	249,746	578	26,351	0.04	0.04	0.05											
Pioneer Cement Limited	429,444	-	-	-	-	-	429,444	1,417	46,122	0.07	0.07	0.19											
Thatta Cement Limited	3,186,580	-	-	-	-	140,000	3,046,580	54,551	89,874	0.13	0.13	3.06											
Zeal Pak Cement Factory Limited	486,248	-	-	-	-	-	486,248	-	-	-	-	0.11											
Tobacco	32,302,342	569,500	-	-	-	7,774,500	25,097,342	483,743	2,851,592	4.27	4.22												
Pakistan Tobacco Company Limited	1,813,539	460	-	-	-	-	1,813,999	90,487	2,286,636	3.42	3.39	0.71											
Refinery	1,813,539	460	-	-	-	-	1,813,999	90,487	2,286,636	3.42	3.39												
Attock Refinery Limited	2,870,757	-	-	-	-	1,954,700	916,057	84,514	256,624	0.38	0.38	1.07											
National Refinery Limited	4,165,451	-	-	-	-	2,386,800	1,778,651	244,871	845,571	1.27	1.25	2.22											
Pakistan Refinery Limited	14,188,116	-	-	-	-	5,157,072	9,031,044	137,416	371,898	0.56	0.55	2.87											
Power Generation & Distribution	21,224,324	-	-	-	-	9,498,572	11,725,752	466,801	1,474,093	2.21	2.18												
Hub Power Company Limited	6,289,797	-	-	-	-	975,500	5,314,297	79,475	638,035	0.95	0.95	0.46											
Kot Addu Power Company Limited	927,832	-	-	-	-	75,000	852,832	26,915	76,115	0.11	0.11	0.10											
K-Electric Limited	5,073,775	-	-	-	-	400,000	4,673,775	7,478	37,671	0.06	0.06	0.02											
Kohinoor Energy Limited	410,390	-	-	-	-	-	410,390	6,472	16,908	0.03	0.03	0.24											
Lalpur Power Limited	1,024,055	-	-	-	-	50,000	974,055	16,705	21,137	0.03	0.03	0.26											
Nishat Chunian Power Limited	866,000	-	-	-	-	628,500	237,500	2,375	12,483	0.02	0.02	0.06											
Sitara Energy Limited	256,117	-	-	-	-	-	256,117	4,226	8,874	0.01	0.01	1.34											
Oil & Gas Marketing Companies	14,847,966	-	-	-	-	2,129,000	12,718,966	143,646	811,223	1.21	1.21												
Attock Petroleum Limited	55,229	-	-	-	-	-	55,229	14,920	24,165	0.04	0.04	0.07											
Burshane LPG Pak Limited	1,445,033	-	-	-	-	18,000	1,427,033	33,516	76,361	0.11	0.11	6.30											
Pakistan State Oil Company Limited (note 6.5)	20,215,015	-	-	-	-	-	20,215,015	1,300,764	7,589,929	11.36	11.25	7.44											
Shell Pakistan Limited	25	-	-	-	-	-	25	-	7	0.00	0.00	0.00											
Sui Northern Gas Pipelines Limited (note 6.5)	19,513,012	-	-	-	-	-	19,513,012	109,282	708,127	1.06	1.05	3.08											
Sui Southern Gas Company Limited	10,696,823	-	-	-	-	3,900,000	6,796,823	54,419	187,117	0.28	0.28	0.77											
Oil & Gas Exploration Companies	51,925,137	-	-	-	-	3,918,000	48,007,137	1,512,901	8,585,706	12.85	12.73												
Mari Petroleum Company Limited (Note 6.6)	4,208,974	-	-	-	-	1,458,500	2,750,474	103,793	2,498,035	3.74	3.70	2.49											
Oil & Gas Development Company Limited	1,576,743	-	-	-	-	1,004,700	572,043	52,815	78,982	0.12	0.12	0.01											
Pakistan Oilfields Limited	1,862,422	19,500	-	-	-	1,192,600	689,322	155,970	239,526	0.36	0.36	0.29											
Pakistan Petroleum Limited	3,313,274	-	-	-	-	2,049,000	1,264,274	125,038	196,026	0.29	0.29	0.06											
Engineering	10,961,413	19,500	-	-	-	5,704,800	5,276,113	437,616	3,012,569	4.51	4.47												
Aisha Steel Mills Limited	392,388	-	-	-	-	210,000	182,388	1,289	1,410	0.00	0.00	0.07											
Amreli Steel Limited	-	550,000	-	-	-	385,500	164,500	8,390	7,735	0.01	0.01	0.06											
Aisha Steel Mills Limited - Preference	121,208	-	-	-	-	-	121,208	-	849	0.00	0.00	0.17											
Bolan Castings Limited	490,276	-	-	-	-	2,000	488,276	4,830	19,892	0.03	0.03	4.26											
Crescent Steel And Allied Products Limited	3,314,789	-	-	698,947	-	1,278,500	2,735,236	71,785	313,485	0.47	0.46	3.52											
Huffaz Seamless Pipe Industries Limited	1,335,896	-	-	-	-	4,000	1,331,896	6,606	23,308	0.03	0.03	2.40											
International Industries Limited	10,406,133	15,000	-	-	-	1,721,500	8,699,633	246,566	703,539	1.05	1.04	7.26											
International Steels Limited	2,040,500	-	-	-	-	529,500	1,511,000	15,866	53,822	0.08	0.08	0.35											
K.S.B. Pumps Company Limited	1,292,159	-	-	-	-	97,100	1,195,059	25,261	291,176	0.44	0.43	9.05											
Quality Steel Works Limited	2,922	-	-	-	-	-	2,922	-	-	-	-	0.16											
Automobile Assembler	7,983,170	39,500	-	-	-	735,270	7,287,400	334,159	3,147,227	4.70	4.66												
Atlas Honda Limited	277,566	-	-	-	-	-	277,566	645	102,422	0.15	0.15	0.27											
Ghandhara Industries Limited	158,577	-	-	-	-	23,000	135,577	881	55,029	0.08													

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Siffaq International Limited	108,222	-	-	-	-	-	108,222	-	-	-	-	3.59
Sind Alkalis Limited	704,745	-	-	-	-	-	704,745	-	-	-	-	9.42
Spencer And Company (Pakistan) Limited	4,986	-	-	-	-	-	4,986	-	-	-	-	0.50
Standard Bank Limited	538	-	-	-	-	-	538	-	-	-	-	0.03
Sunrise Textile Mills Limited	15,024	-	-	-	-	-	15,024	-	-	-	-	0.14
Sunshine Cloth Mills Limited	440,918	-	-	-	-	-	440,918	-	-	-	-	5.62
Synthetic Chemical Company Limited	82,125	-	-	-	-	-	82,125	-	-	-	-	1.46
Taga Pakistan Limited	96,055	-	-	-	-	-	96,055	-	-	-	-	3.69
Tariq Cotton Mills Limited	43,100	-	-	-	-	-	43,100	-	-	-	-	6.16
Tawakkal Garments Industries Limited	118,664	-	-	-	-	-	118,664	-	-	-	-	0.98
Tawakkal Limited	113,264	-	-	-	-	-	113,264	-	-	-	-	0.81
Tawakkal Modaraba Ist.	474,032	-	-	-	-	-	474,032	-	-	-	-	1.83
Taxila Engineering Company Limited	206,888	-	-	-	-	-	206,888	-	-	-	-	4.87
Turbo Tec Limited	170,879	-	-	-	-	-	170,879	-	-	-	-	1.71
Union Insurance Company of Pakistan Limited	306	-	-	-	-	-	306	-	-	-	-	0.00
Uqab Breeding Farms Limited	139,748	-	-	-	-	-	139,748	-	-	-	-	5.27
Zaffar Textile	66,844	-	-	-	-	-	66,844	-	-	-	-	6.68
Zahur Textile Mills Limited	412,147	-	-	-	-	-	412,147	-	-	-	-	0.55
	18,918,054	-	-	-	-	358,359	18,559,695	-	3,530	0.01	0.01	
Total - 30 June 2016	820,764,977	1,743,790	1,512,310	29,200,976	2,908,851	108,094,631	748,036,273	11,908,850	64,626,481	96.70	95.79	
Total - 30 June 2015	907,025,268	11,896,856	3,600,415	34,810,232	782,389	137,350,183	820,764,977	13,438,786	67,813,093	95.67	95.93	

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

6.2.1.2 During the year, Glaxo Smith Kline Pakistan Limited (GSK) announced a de-merger scheme whereby 3 ordinary shares of GSK CHC were issued for every 10 ordinary shares held in GSK. The net assets of the consumer health business on the said date were Rs. 956 million i.e. 7.67% and hence, the market price has been adjusted accordingly. GSK CHC is under the process of obtaining listing on the stock exchange.

6.2.2 Government securities

Issue date	Tenor	Face value			Balance as at 30 June 2016		Market value / carrying value as a percentage of net assets	Market value / carrying value as a percentage of investments	
		As at 01 July 2015	Purchases during the year	Sales/matured during the year	As at 30 June 2016	Carrying cost			
		(Rupees in '000)						(%)	
Market Treasury Bills									
5 March 2015	03 Months	-	250,000	250,000	-	-	-	-	-
25 June 2015	03 Months	-	600,000	600,000	-	-	-	-	-
29 June 2015	03 Months	-	800,000	800,000	-	-	-	-	-
9 July 2015	03 Months	-	400,000	400,000	-	-	-	-	-
Total - 30 June 2016		-	2,050,000	2,050,000	-	-	-	-	-
Total - 30 June 2015		675,000	5,200,000	5,875,000	-	-	-	-	-

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6.3 Investments - 'held to maturity'

Name	At cost			Percentage of net assets
	Opening	Redemptions during the year	Closing	
	(Rupees in '000)			(%)

Investment in securities classified as - 'held to maturity'

Investment under Morabaha Arrangements

Textile Management (Private) Limited	4,125	-	4,125	0.01
Pak China Fertilizers Limited	27,000	-	27,000	0.04
Quaidabad Woolen Mills Limited	23,000	-	23,000	0.03
Sub-total	54,125	-	54,125	0.08
Less : Provision for impairment loss	(54,125)	-	(54,125)	(0.08)
	-	-	-	-

Participation Term Certificates

Adamjee Paper & Board Mills Limited	10,500	-	10,500	0.02
Less: Provision for impairment loss	(10,500)	-	(10,500)	(0.02)
	-	-	-	-

Term Finance Certificates and Redeemable Capital

Adamjee Paper & Board Mills Limited	8,125	-	8,125	0.01
Brothers Steel Mills Limited	1,959	(1,959)	-	-
Naimat Basal Oil & Gas Securitization Company Limited	2	-	2	-
Pakistan Telecommunication Limited (PTC) / BEL	753	-	753	-
Sub-total	10,839	(1,959)	8,880	0.01
Less: (Provision) / reversal for impairment loss	(10,839)	1,959	(8,880)	(0.01)
	-	-	-	-

Total	75,464	(1,959)	73,505	0.11
Less: (Provision) / reversal for impairment	(75,464)	1,959	(73,505)	(0.11)
	-	-	-	-

6.4 Investments include shares with market value of Rs. 799.24 million (30 June 2015: Rs. 985.765 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 22 October 2007 issued by the Securities and Exchange Commission of Pakistan.

6.5 The investment portfolio of the Fund includes 20,074,499 shares of Pakistan State Oil Company Limited and 18,338,031 shares of Sui Northern Gas Pipelines Limited, which have been frozen by the Government of Pakistan (GoP) for sale in the equity market due to their proposed privatisation. The 20,074,499 frozen shares and 26,500 free shares (Total = 20,100,999 shares) of Pakistan State Oil Company Limited (PSO) having market value of Rs. 7,060.27 million as on 30 June 2016 out of total 12,673,295 shares of PSO are held physically by CDC-Trustee and remaining 7,427,704 shares of PSO are physically held by National Bank of Pakistan (the former Trustee) having title National Bank of Pakistan-Trustee Wing.

6.6 Finance Act 2014 has introduced tax on bonus shares issued by the Companies. Most Equity Funds including NI(U)T Fund 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 NI(U)T 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:

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5% (No. of bonus shares)	Market value / carrying value as on 30 June 2016	Payment made to the investee companies
	(Rupees in '000)	
Security Papers Limited *	21,958	1,446
Searle Pakistan Limited *	36,230	6,856
Suraj Cotton Mills Limited *	2,357	256
Faysal Bank Limited *	41,151	630
Shezan International Limited *	6,904	6,317
Gul Ahmed Textile Mills Limited **	49,732	-
Mari Petroleum Company Limited **	38,238	-
Suraj Cotton Mills Limited **	2,582	403
Searle Pakistan Limited**	14,154	-
Highnoon Laboratories Limited ***	2,671	663
United Distributors Pakistan Limited***	4,520	144
Searle Pakistan Limited ***	22,656	9,216
Kohinoor Textile Mills Limited***	16,963	1,172
Highnoon Laboratories Limited***	2,299	1,044
	86,658	28,147

* Security Papers Limited, Searle Pakistan Limited, Suraj Cotton Mills Limited, Faysal Bank Limited and Shezan International Limited have released the above mentioned bonus shares and have retained the payments.

** Gul Ahmed Textile Mills Limited and Mari Petroleum Company Limited have returned the payments on 05 December 2014 and 14 January 2015 respectively and have not released the shares due to court order and recorded as liability. The Searle has not demanded the payment due to filing of petition by the fund, however the management has recorded a payable under prudence basis (refer note 12).

*** Highnoon Laboratories Limited, United Distributors Pakistan Limited, Searle Pakistan Limited & Kohinoor Textile Mills Limited has not released the bonus shares and retained the payment due to court order.

6.7 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

	2016	2015
	(Rupees in '000)	
Market value / carrying value of investments	2,841,996	2,886,224
Less: Carrying cost of investments	(2,700,833)	(1,936,058)
	141,163	950,166

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

	2016	2015
	(Rupees in '000)	
Market value / carrying value of investments	64,626,481	67,813,093
Less:		
Carrying cost of investments	31,436,779	32,949,250
Provision for impairment thereagainst	(19,527,929)	(19,510,464)
	11,908,850	13,438,786
	52,717,631	54,374,307
Less: Net unrealised appreciation on re-measurement investments at the beginning of the year	(54,374,307)	(47,774,114)
Net unrealised (diminution) / appreciation during the year	(1,656,676)	6,600,193

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6.8.1 Provision for impairment against equity securities

Balance as at 1 July	19,510,464	19,466,404
Charge for the year	17,465	44,060
Balance as at 30 June	19,527,929	19,510,464

7 DIVIDEND AND OTHER RECEIVABLES

Dividend receivable	48,622	50,367
Profit on term finance certificates	23,705	24,152
Less: Provision against doubtful receivables	(23,705)	(24,152)
	-	-
Profit on Morabaha arrangements	51,267	51,267
Less: Provision against profit on Morabaha arrangements	(51,267)	(51,267)
	-	-
Mark-up receivable on bank deposits	1,291	21,385
	-	-
Advance against pre-IPO investment	150,000	150,000
Less: Provision against doubtful receivables	(150,000)	(150,000)
	-	-
Other receivables	14,694	2,991
Less: Provision against doubtful receivables	(14,694)	(2,991)
	-	-
	49,913	71,752

7.1 This represents Rs. 150 million (2015: Rs. 150 million) which the Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO on 13 March 2008. Under the agreement, the issuer was required to complete the public offering by 23 November 2008. However no public offering has been carried out by the issuer. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As a matter of prudence, the Fund has made a provision of 100% against this advance.

7.2 During the year, provision has been made against certain unreconciled balances.

8 SECURITY DEPOSITS

Central Depository Company of Pakistan Limited	100	100
National Clearing Company of Pakistan Limited	2,500	2,500
	2,600	2,600

9 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY

	2016	2015
	(Rupees in '000)	
On account of:		
- Management remuneration	54,043	58,920
- Sindh Sales Tax	8,778	10,253
- Preliminary charges and handling fee	788	561
- Allocation of expenses related to registrar services, accounting, operation and valuation services	5,402	-
- Redemption of units	200,000	-
	269,011	69,734

9.1 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 2 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 1 percent per annum (30 June 2015: 1 percent per annum) of the average net assets for the current year subject to maximum of 1% of the value of the Fund. The remuneration is paid on a monthly basis in arrears.

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2014. However, the rate has been revised from 15% to 14% effective from 1 July 2015.

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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 annual assets of the Fund with effect from 15 December 2015.

10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee remuneration	10.1	2,267	2,365
Sindh Sales Tax	10.2	317	-
		<u>2,584</u>	<u>2,365</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at 30 June 2016 is as follows:

Amount of Funds under management (Average NAV)	Tariff per annum
Upto Rs 1 billion	0.2% p.a. of NAV
Rs. 1 billion to Rs. 10 billion	Rs. 2 million plus 0.1% of NAV exceeding Rs. 1 billion
Rs. 10 billion to Rs. 20 billion	Rs. 11 million plus 0.06% of NAV exceeding Rs. 10 billion
Rs. 20 billion to Rs. 35 billion	Rs. 17 million plus 0.03% of NAV exceeding Rs. 20 billion
Over 35 billion	Rs. 21.5 million plus 0.02% of NAV exceeding Rs. 35 billion

The remuneration is paid to the Trustee monthly in arrears.

10.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 14% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2015.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the scheme.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

		2016	2015
		(Rupees in '000)	
Provision for Workers' Welfare Fund	12.1	507,371	507,371
Federal Excise Duty	12.2	289,563	184,860
Excess dividend received		20,187	18,678
Distribution not claimed by unit holders		5,257	4,548
Brokerage payable against purchase of shares		1,168	2,050
Auditors' remuneration		635	630
Legal and professional charges		1,180	-
Zakat		35,077	35,895
Capital gain tax		519	1,759
Withholding tax		693	336,347
Printing charges		1,010	1,157
Payable to National Clearing Company of Pakistan Limited		20	26
Payable against bonus shares		26,062	20,171
Others		-	170
		<u>888,742</u>	<u>1,113,662</u>

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12.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on 14 December 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended 30 June 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. Furthermore, the Fund had received show cause notices from Deputy Commissioner Inland Revenue (DCIR) regarding the payment of WWF liability for the year 2008, 2010 and 2011 through 2013 amounting to Rs. 76.54 million, Rs. 47.251 million and Rs. 231.131 million respectively but no payment has been made in the view of the matter stated above. However, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 507.371 million (30 June 2015: Rs. 507.371). Had the same not been made the net assets value per unit of the Fund would have been higher by Rs 0.4946 per unit (30 June 2015: Rs. 0.4565 per unit).

12.2 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 Sindh 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 Honourable 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. 306.89 million out of which Rs. 17.327 million have been paid to the Management Company. Had the provision not been made, the Net Assets Value (NAV) per unit of the Fund as at 30 June 2016 would have been higher by Rs. 0.2992 per unit (30 June 2015: Rs. 0.1819 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.

13 DIVIDEND PAYABLE AND UNCLAIMED DISTRIBUTION

As at each accounting date, the amount of cash required to effect distribution of profits amongst holders of registered and bearer units, is transferred to a special account titled distribution account. The aggregate balance in such accounts for the years 1997-98 and earlier in case of distribution to registered unit holders and 1999-2000 and earlier in case of distribution to bearer unit holders exceeds the liability for unclaimed distribution by approximately Rs. 31.469 million. This amount represents payments of dividend out of accounts other than the relevant distribution account.

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2016 (2015: Nil).

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15 NUMBER OF UNITS IN ISSUE

	30 June 2016			30 June 2015
	Registered	Bearer	Total	Total
	----- (Number of units) -----			
Total outstanding at the beginning of the year	1,087,781,207	23,708,610	1,111,489,817	1,058,469,261
Add: Sales during the year	37,956,495	-	37,956,495	161,489,471
Units issued under Cumulative Investment Plan (CIP) during the year	29,748,619	-	29,748,619	59,304,106
Conversion of bearer units into registered units	3,161,020	(3,161,020)	-	-
	<u>1,158,647,341</u>	<u>20,547,590</u>	<u>1,179,194,931</u>	1,279,262,838
Less: Repurchases during the year	(153,353,516)	-	(153,353,516)	(167,773,021)
Total units in issue at the end of the year	<u>1,005,293,825</u>	<u>20,547,590</u>	<u>1,025,841,415</u>	1,111,489,817

16 DIVIDEND INCOME

This includes an aggregated amount of Rs. 388.482 million received by the Fund during the year against redemption of preference shares of Mari Petroleum Company Limited on account of distribution (announced as dividend in specie) made by Mari Petroleum Company Limited in the year 2015 in the form of non-voting, non-contribution, unlisted, unratred redeemable preference shares of Rs. 10 each and profit thereon of Rs. 8.064 million.

As per the Economic Coordination Committee (ECC) decision for dismantling of Mari Gas Pricing Agreement (GPA), preference shares due to the Fund were initially allocated to GoP. However, based on Finance Division letter no: F.4(1)-CF.V/2014 dated 11 February 2016 and DG Gas letter: GO (Ac)-5(50)/15 dated 4 March 2016, GoP approved issuance of preference shares to the Fund being a minority shareholder. Based on it and in line with approval of shareholders of Mari Petroleum Company Limited for redemption of preference shares held by minority shareholders in AGM held on 18 September 2015, the Fund received such amount during the year.

17 FINANCIAL CHARGES

During the year short term loan financing amounting to Rs. 2.8 billion was obtained from various commercial banks under mark-up arrangement ranging from 2 weeks KIBOR plus 0.20% per annum to 1 month KIBOR plus 0.25% per annum. These loans were fully repaid during the year as at 30 June 2016 the facility was unavailed.

18 AUDITORS' REMUNERATION

	2016	2015
	(Rupees in '000)	
Statutory audit fee	550	525
Half yearly review	240	231
Out of pocket expenses and others including government levy	169	168
	<u>959</u>	<u>924</u>

19 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 not less than 90% of its accounting income for the year, the income distributed through bonus units 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 to the unit holders. The Board of Directors of the Management Company in their meeting held on 15 June 2016 has distributed more than ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders during the year. Accordingly no provision has been made in the financial statements for the year ended 30 June 2016.

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20 FINANCIAL INSTRUMENTS BY CATEGORY

Assets

Bank balances	2,046,114
Investments	-
Receivable against sale of investments	130
Dividend and other receivables	49,913
Security deposits	2,600
	<u>2,098,757</u>

Liabilities

Payable to National Investment Trust Limited - Management Company	-	269,011	269,011
Payable to Central Depository Company of Pakistan Limited - Trustee	-	2,584	2,584
Payable against redemption of units	-	15,554	15,554
Payable against purchase of investments	-	39,678	39,678
Accrued expenses and other liabilities	-	345,082	345,082
Dividend payable and unclaimed distribution	-	1,459,418	1,459,418
	-	<u>2,131,327</u>	<u>2,131,327</u>

Assets

Bank balances	4,272,389
Investments	-
Receivable against sale of investments	15,457
Dividend and other receivables	71,752
Security deposits	2,600
	<u>4,362,198</u>

Liabilities

Payable to National Investment Trust Limited - Management Company	-	69,734	69,734
Payable to Central Depository Company of Pakistan Limited - Trustee	-	2,365	2,365
Payable against redemption of units	-	15,281	15,281
Payable against purchase of investments	-	39,413	39,413
Accrued expenses and other liabilities	-	232,290	232,290
Dividend payable and unclaimed distribution	-	2,903,455	2,903,455
	-	<u>3,262,538</u>	<u>3,262,538</u>

As at 30 June 2016

Loans and receivables	Fair value through profit or loss	Available for sale	Total
----- (Rupees in '000) -----			
	-	-	2,046,114
	2,841,996	64,626,481	67,468,477
	-	-	130
	-	-	49,913
	-	-	2,600
	<u>2,841,996</u>	<u>64,626,481</u>	<u>69,567,234</u>

As at 30 June 2016

Liabilities at fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
	269,011	269,011
	2,584	2,584
	15,554	15,554
	39,678	39,678
	345,082	345,082
	1,459,418	1,459,418
	<u>2,131,327</u>	<u>2,131,327</u>

As at 30 June 2015

Loans and receivables	Fair value through profit or loss	Available for sale	Total
----- (Rupees in '000) -----			
	-	-	4,272,389
	2,886,224	67,813,093	70,699,317
	-	-	15,457
	-	-	71,752
	-	-	2,600
	<u>2,886,224</u>	<u>67,813,093</u>	<u>75,061,515</u>

As at 30 June 2015

Liabilities at fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
	69,734	69,734
	2,365	2,365
	15,281	15,281
	39,413	39,413
	232,290	232,290
	2,903,455	2,903,455
	<u>3,262,538</u>	<u>3,262,538</u>

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21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

21.1 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 unit holders holding 10 percent or more units of the Fund.

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

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

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

21.5 Transactions during the year	2016	2015
	(Rupees in '000)	
National Investment Trust Limited - Management Company		
Issue of Nil units (2015: 5,309,095 units)	-	300,000
Issue of 5,712,925 units under CIP (2015: 13,880,416 units)	364,885	822,798
Redemption of 23,535,860 units (2015: 24,700,540 units)	1,500,000	1,500,000
Remuneration of the Management Company	654,396	691,221
Sindh Sales Tax on management remuneration	106,274	120,273
Sales load on issue of units	4,377	72,025
Allocation of expenses related to registrar services, accounting, operation and valuation services	38,583	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	27,627	28,319
Sindh Sales Tax on Trustee remuneration	3,867	-
Custodian charges	563	265
Directors and key management personnel		
Issue of 31,126 units (2015: 125,660 units)	2,076	8,150
Issue of 16,978 units under CIP (2015: 38,930 units)	1,082	2,340
Redemption of 245,967 units (2015: 28,534 units)	15,139	1,604
National Investment Trust Limited Pension Fund		
Redemption of Nil units (2015: 707,576 units)	-	45,000
Issue of Nil units under CIP (2015: 320,378 units)	-	18,950

21.6 Amounts outstanding as at year end

	2016	2015
	(Rupees in '000)	
National Investment Trust Limited - Management Company		
95,312,174 units held (2015: 113,135,109 units)	6,209,588	7,212,363
Management remuneration payable	54,043	58,920
Sindh Sales Tax payable	8,778	10,253
Preliminary charges and handling fee payable	788	561
Allocation of expenses related to registrar services, accounting, operation and valuation services	5,402	-
Payable against redemption of units	200,000	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	2,267	2,365
Sindh Sales Tax	317	-
National Investment Trust Limited Pension Fund		
2,149,003 units held (2015: 2,149,003 units)	140,008	136,999

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	2016	2015
	(Rupees in '000)	
Directors and key management personnel		
300,216 units held (2015: 498,079 units)	19,559	31,753

22 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks; which includes market risk, credit risk and liquidity risk.

22.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio by exposures and by following the internal guidelines established by the investment committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

22.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

22.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instruments and is not exposed to cash flow interest rate risk.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instruments and is not exposed to cash flow interest rate risk.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

Effective yield / interest rate (%)	As at 30 June 2016				Not exposed to yield / interest rate risk	Total
	Exposed to yield / interest rate risk					
	Up to three months	More than three months and up-to one year	More than one year			
	----- (Rupees in '000) -----					

On-balance sheet financial instruments

Financial assets	Effective yield / interest rate (%)	Up to three months	More than three months and up-to one year	More than one year	Not exposed to yield / interest rate risk	Total
Bank balances	4.00 - 7.25	2,044,138	-	-	1,976	2,046,114
Investments	-	-	-	-	67,468,477	67,468,477
Receivable against sale of investments	-	-	-	-	130	130
Dividend and other receivables	-	-	-	-	49,913	49,913
Security deposits	-	-	-	-	2,600	2,600
		2,044,138	-	-	67,523,096	69,567,234

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As at 30 June 2016					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up-to one year	More than one year		
----- (Rupees in '000) -----					
Financial liabilities					
Payable to National Investment Trust Limited - Management Company	-	-	-	269,011	269,011
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	2,584	2,584
Payable against redemption of units	-	-	-	15,554	15,554
Payable against purchase of investments	-	-	-	39,678	39,678
Accrued expenses and other liabilities	-	-	-	345,082	345,082
Dividend payable and unclaimed distribution	-	-	-	1,459,418	1,459,418
	-	-	-	2,131,327	2,131,327
On-balance sheet gap	2,044,138	-	-	65,391,769	67,435,907
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	2,044,138	-	-	65,391,769	67,435,907
Cumulative interest rate sensitivity gap	2,044,138	2,044,138	2,044,138		

As at 30 June 2015					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up-to one year	More than one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets					
Bank balances	5.00 - 10.25	4,259,317	-	13,072	4,272,389
Investments	-	-	-	70,699,317	70,699,317
Receivable against sale of investments	-	-	-	15,457	15,457
Dividend and other receivables	-	-	-	71,752	71,752
Security deposits	-	-	-	2,600	2,600
		4,259,317	-	70,802,198	75,061,515
Financial liabilities					
Payable to National Investment Trust Limited - Management Company	-	-	-	69,734	69,734
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	2,365	2,365
Payable against redemption of units	-	-	-	15,281	15,281
Payable against purchase of investments	-	-	-	39,413	39,413
Accrued expenses and other liabilities	-	-	-	232,290	232,290
Dividend payable and unclaimed distribution	-	-	-	2,903,455	2,903,455
	-	-	-	3,262,538	3,262,538
On-balance sheet gap	4,259,317	-	-	67,539,660	71,798,977
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	4,259,317	-	-	67,539,660	71,798,977
Cumulative interest rate sensitivity gap	4,259,317	4,259,317	4,259,317		

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22.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund and classified on the statement of assets and liabilities' as available for sale and at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 30% of net assets or index weight of the security whichever is higher, subject to maximum of 35% of the net assets.

In case of 5% increase/decrease in KSE 100 index on 30 June 2016, with all other variables held constant, net income of the Fund for the year would increase / (decrease) by Rs. 142.100 million (2015: Rs. 144.311 million) as a result of gains / (losses) on equity securities classified as fair value through profit or loss. Other components of equity of the Fund would increase / decrease by Rs. 3,231.324 million (2015: Rs. 3,390.655 million) as a result of gains / (losses) on equity securities classified as available for sale. Accordingly, the net assets of the Fund would increase / (decrease) as a result of gains / (losses) on investment in equity securities by Rs. 3,373.434 million (2015: 3,534.966 million).

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2016 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

22.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and investments in debt securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein. Risk attributable to investment in Treasury Bills is limited as these are guaranteed by the Federal Government.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's financial assets as at 30 June 2016 and 30 June 2015:

Name of the bank	Balance as at 30 June 2016	Rating agency	Published rating	Percentage of total bank balances
----- (Rupees in '000) -----				
National Bank of Pakistan	425	PACRA	AAA	0.02
Habib Bank Limited	8,555	JCR-VIS	AAA	0.42
Bank Al-Habib Limited	1,709,891	PACRA	AA+	83.57
United Bank Limited	702	JCR-VIS	AAA	0.03
Allied Bank Limited	426	PACRA	AA+	0.02
NIB Bank Limited	714	PACRA	AA-	0.03
Bank Al-Falah Limited	1,973	PACRA	AA	0.10
Summit Bank Limited	68,203	JCR-VIS	A- (SO)	3.33
Soneri Bank Limited	252,789	PACRA	A1+	12.36
MCB Limited	2,436	PACRA	A1+	0.12
	2,046,114			100.00

NATIONAL INVESTMENT (UNIT) TRUST
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Name of the bank	Balance as at 30 June 2015	Rating agency	Published rating	Percentage of total bank balances
(Rupees in '000)				
National Bank of Pakistan	12,643	PACRA	AAA	0.30
Habib Bank Limited	3,417	JCR-VIS	AAA	0.08
Bank Al-Habib Limited	4,238,941	PACRA	AA+	99.22
United Bank Limited	504	JCR-VIS	AA+	0.01
Allied Bank Limited	68	PACRA	AA+	-
NIB Bank Limited	540	PACRA	AA-	0.01
Bank Al-Falah Limited	428	PACRA	AA	0.01
Summit Bank Limited	15,848	JCR-VIS	A	0.37
	<u>4,272,389</u>			<u>100.00</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2016 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mostly concentrated in equity securities.

22.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund is exposed to the daily settlement of equity securities and to daily cash redemptions, if any. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange. The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

As at 30 June 2016			
Total	Up to three months	Over three months and up to one year	Over one year
----- (Rupees in '000) -----			

Financial liabilities

Payable to the National Investment Trust Limited - Management Company	269,011	269,011	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	2,584	2,584	-	-
Payable against redemption of units	15,554	15,554	-	-
Payable against purchase of investments	39,678	39,678	-	-
Accrued expenses and other liabilities	345,082	345,082	-	-

NATIONAL INVESTMENT (UNIT) TRUST
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As at 30 June 2016				
Total	Up to three months	Over three months and up to one year	Over one year	
----- (Rupees in '000) -----				
Dividend payable and unclaimed distribution	1,459,418	1,459,418	-	-
	<u>2,131,327</u>	<u>2,131,327</u>	-	-
Unitholders' fund	<u>66,830,297</u>	<u>66,830,297</u>		

As at 30 June 2015			
Total	Up to three months	Over three months and up to one year	Over one year
----- (Rupees in '000) -----			

Financial liabilities

Payable to the National Investment Trust Limited - Management Company	69,734	69,734	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	2,365	2,365	-	-
Payable against redemption of units	15,281	15,281	-	-
Payable against purchase of investments	39,413	39,413	-	-
Accrued expenses and other liabilities	232,290	232,290	-	-
Dividend payable and unclaimed distribution	2,903,455	2,903,455	-	-
	<u>3,262,538</u>	<u>3,262,538</u>	-	-
Unitholders' fund	<u>70,852,025</u>	<u>70,852,025</u>		

23 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 22, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirements of minimum fund size during the year.

24 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.

NATIONAL INVESTMENT (UNIT) TRUST
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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 prices 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 (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 the fair value hierarchy.

		30 June 2016								
		Carrying value				Fair value				
		Available - for - sale	fair value through profit or loss	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 - Shares / units of mutual funds		64,626,481	2,841,996	-	-	67,468,477	67,292,142	-	187,421	67,479,563
Financial assets not measured at fair value										
24.1	Bank balances	-	-	2,046,114	-	2,046,114	-	-	-	-
	Receivable against sale of investments	-	-	130	-	130	-	-	-	-
	Dividend and other receivables	-	-	49,913	-	49,913	-	-	-	-
	Security deposits	-	-	2,600	-	2,600	-	-	-	-
		-	-	2,098,757	-	2,098,757	-	-	-	-
Financial liabilities not measured at fair value										
24.1	Payable to National Investment Trust Limited - Management Company	-	-	-	269,011	269,011	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	2,584	2,584	-	-	-	-
	Payable against redemption of units	-	-	-	15,554	15,554	-	-	-	-
	Payable against purchase of investments	-	-	-	39,678	39,678	-	-	-	-
	Accrued expenses and other liabilities	-	-	-	345,082	345,082	-	-	-	-
	Dividend payable and unclaimed distribution	-	-	-	1,459,418	1,459,418	-	-	-	-
		-	-	-	2,131,327	2,131,327	-	-	-	-

		30 June 2015								
		Carrying value				Fair value				
		Available - for - sale	fair value through profit or loss	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 - Shares / units of mutual funds		67,813,093	2,886,224	-	-	70,699,317	70,688,231	-	11,086	70,699,317
Financial assets not measured at fair value										
	Bank balances	-	-	4,272,389	-	4,272,389	-	-	-	-
	Receivable against sale of investments	-	-	15,457	-	15,457	-	-	-	-
	Dividend and other receivables	-	-	71,752	-	71,752	-	-	-	-
	Security deposits	-	-	2,600	-	2,600	-	-	-	-
		-	-	4,362,198	-	4,362,198	-	-	-	-

NATIONAL INVESTMENT (UNIT) TRUST
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		30 June 2015								
		Carrying value				Fair value				
		Available - for - sale	fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
Financial assets not measured at fair value										
Payable to National Investment Trust Limited - Management Company		-	-	-	69,734	69,734	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,365	2,365	-	-	-	-
Payable against redemption of units		-	-	-	15,281	15,281	-	-	-	-
Payable against purchase of investments		-	-	-	39,413	39,413	-	-	-	-
Accrued expenses and other liabilities		-	-	-	232,290	232,290	-	-	-	-
Dividend payable and unclaimed distribution		-	-	-	2,903,455	2,903,455	-	-	-	-
		-	-	-	3,262,538	3,262,538	-	-	-	-

24.1 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.

25 TRANSACTIONS WITH BROKERS / DEALERS

List of top ten brokers by percentage of commission paid for the year ended 30 June 2016:

Particulars	Percentage (%)
Arif Habib Limited	3.14
JS Global Capital Limited	3.06
AKD Securities Limited	2.93
Al-Habib Capital Markets (Private) Limited	2.91
Concordia Securities (Private) Limited	2.90
Cassim Investment (Private) Limited	2.90
Lakhani Securites (Private) Limited	2.88
Elixir Securities Pakistan (Private) Limited	2.83
Habib Metro Financial Services Limited	2.81
Global Securities Pakistan Limited	2.76

List of top ten brokers by percentage of commission paid during year ended 30 June 2015:

Particulars	Percentage (%)
AKD Securities Limited	6.20
Arif Habib Limited	4.25
JS Global Capital Limited	4.07
Al-Habib Capital Markets (Private) Limited	3.50
Concordia Securities (Private) Limited	3.39
Amin Tai Securities (Private) Limited	3.37
Habib Metro Financial Services Limited	3.20
BMA Capital Management Limited	3.16
Cassim Investment (Private) Limited	3.14
Elixir Securities Pakistan (Private) Limited	3.13

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

26 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

As at 30 June 2016				
S.No.	Name	Designation	Qualification	Experience (years)
1	Mr. Shahid Ghaffar	Chief Executive Officer / Managing Director	MBA	39
2	Mr. Manzoor Ahmed	Chief Operating Officer / Head of Asset Management	MBA, DAIBP and Candidate for CFA Level III.	27
3	Mr. Shahid Anwar	Head of Managing Director's (MD) Secretariat and Personnel	MBA and DAIBP	39
4	Mr. Zubair Ahmad	Controller of Branches and Company Secretary	M. Phil, MBA, PGD (General Management) and PGD (Development Policies)	43
5	Mr. Aamir Amin	Head of Finance	FCA	19
6	Mr. Muhammad Imran Rafiq	Head of Research	MBA and CFA	13
7	Syed Raza Abbas Jaffery	Head of Trading	MBA	19
8	Mr. Ammar Habib	Manager/In-charge Risk Management	MS and FRM	6
9	Mr. Adamjee Yakoob	Head of Compliance	B.Sc Hons(UK), M.Com, CIA(USA), FCCA(UK), ACA-ICAEW(UK), FCA	16

26.1 Mr. Manzoor Ahmed is the Manager of the Fund and he is also managing NIT - State Enterprise Fund.

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 317th, 318th, 319th, 320th, 321st and 322nd Board meetings were held on 27 July 2015, 30 September 2015, 22 October 2015, 29 February 2016, 27 April 2016 and 15 June 2016. respectively. Information in respect of attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held during tenor of directorship	Attended	Leave granted	
1	Mr. Shahid Ghaffar	6	6	-	
2	Mr. Mian Nusrat-ud-Din	6	6	-	
3	Syed Ahmed Iqbal Ashraf	6	3	3	318th, 319th and 321st BOD
4	Mr. Jamal Nasim	6	6	-	
5	Mr. Muhtashim Ahmed Ashai	6	6	-	
6	Mr. Muhammad Hanif Akhail	6	6	-	
7*	Mr. Shahzad F. Lodhi	3	1	2	318th and 319th BOD
8*	Mr. Aman Aziz Siddiqui	-	-	-	
9	Mr. Yameen Kerai	6	6	-	
10	Mr. Iqbal Adamjee	6	5	1	322nd BOD
11*	Mr. Rana Asad Amin	1	-	1	317th BOD
12*	Mr. Raymond Kotwal	5	2	3	318th, 320th and 322nd BOD
13*	Syed Arshad Ali	2	2	-	

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* Mr. Aman Aziz Siddiqui (nominee director of Habib Bank Limited), Mr. Rana Asad Amin (Government Director) and Mr. Shahzad F. Lodhi (nominee director of Pakistan Reinsurance Company Limited) resigned w.e.f 27 July 2015, 30 September 2015 and 29 February 2016 respectively and Mr. Raymond Kotwal and Syed Arshad Ali was appointed in his place w.e.f 27 July 2015 and 29 February 2016 respectively.

28 PATTERN OF UNIT HOLDING

Category

Individuals
 Associated Companies / Directors
 Insurance Companies
 Banks / Development Finance Institutions
 Non-Banking Finance Institutions
 Retirement funds
 Public Limited Companies
 Others

As at 30 June 2016		
Number of unit holders	Investment amount	Percentage
(Rupees in '000)		
47,259	25,067,552	37.52
5	14,919	0.02
19	9,518,608	14.24
32	1,266,238	1.89
15	6,230,790	9.32
340	18,731,951	28.03
6	314,142	0.47
491	5,686,097	8.51
48,167	66,830,297	100.00

Category

Individuals
 Associated Companies / Directors
 Insurance Companies
 Banks / Development Finance Institutions
 Non-Banking Finance Institutions
 Retirement funds
 Public Limited Companies
 Others

As at 30 June 2015		
Number of unit holders	Investment amount	Percentage
(Rupees in '000)		
48,723	24,816,236	35.02
3	6,375	0.01
19	9,292,838	13.12
34	5,744,513	8.11
15	7,233,075	10.21
349	18,074,400	25.51
9	339,788	0.48
503	5,344,800	7.54
49,655	70,852,025	100.00

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 07, 2016 by the Board of Directors of the Management Company.

30 GENERAL

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

For National Investment Trust Limited
 (Management Company)

Sd/-
 Managing Director

Sd/-
 Director

Sd/-
 Director

NATIONAL INVESTMENT (UNIT) TRUST
PERFORMANCE TABLE
 LAST 3 YEARS

		JUNE 16	JUNE 15	JUNE 14
Total Net Asset Value Ex-Dividend	(Rs. In 000's)	66,830,297	70,852,025	59,902,173
Net Asset Value per Unit Ex-dividend	(Rs./unit)	65.15	63.75	56.59
Last Issue Price per Unit *	(Rs./unit)	71.60	69.95	62.55
Last Repurchase Price per Unit *	(Rs./unit)	69.65	68.00	60.69
Highest Issue Price During the year	(Rs./unit)	70.25	72.85	64.70
Lowest Issue Price During the year	(Rs./unit)	61.15	54.70	41.20
Highest Repurchase Price During the year	(Rs./unit)	68.17	70.72	62.79
Lowest Repurchase Price During the year	(Rs./unit)	59.35	53.11	39.98
Total Return of the Fund	%	9.59	20.25	56.98
Capital Growth	%	2.53	12.74	46.37
Income Distribution	%	7.06	7.51	10.61
Distribution per Unit (Interim)	(Rs./unit)	4.50	4.25	4.10
Distribution Date		15-Jun-16	24-Jun-15	30-Jun-14
KSE 100 Index Return		9.84	16.01	41.17
Average Annual Return				
One Year	%	9.59	20.25	56.98
Two Years	%	14.92	38.62	57.70
Three Years	%	28.94	45.22	40.99

Note: All investments in Mutual Funds and securities are subject to Market Risks. Our target return/dividend range can not be guaranteed. NIT's unit price is neither guaranteed nor administered/managed. It is based on Net Asset Value (NAV) and the NAV of NIT units may go up or down depending upon the factors and forces affecting the stock market. Past performance is not indicative of future returns.

* These are cum-dividend prices of 30th June.

PROXY VOTED BY CIS

National Investment (Unit) Trust - (NI(U)T):

	Resolutions	For	Against	Abstain
Numbers	140	137	3	-
Percentage		98%	2%	-

* November 25, 2015 to June 30, 2016.

The proxy voting policy of the NIT is available on the website of the National Investment Trust Limited and detailed information regarding actual proxies voted by NIT in respect of NI(U)T Fund is also available without charge, upon request, to all unit holders.

During the period November 25, 2015 to June 30, 2016, General Meetings of =50= No of Companies were attended . The other meetings which were not participated, were either due to nominal holdings or routine matters etc.