

AWT
INVESTMENTS LIMITED

ANNUAL REPORT

JUNE 30, 2018

VISION

“To deliver quality and innovative asset management, wealth management and advisory services at the local and regional level.”

MISSION

“To be a dominant player in the fund management industry recognized for its high levels of ethical and professional conduct and a commitment towards enhancing investor interests.”

Main Contents

PIML INCOME FUND	05
-------------------------	-----------

PIML DAILY RESERVE FUND	53
--------------------------------	-----------

PIML ISLAMIC INCOME FUND	101
---------------------------------	------------

PIML ISLAMIC EQUITY FUND	151
---------------------------------	------------

PIML VALUE EQUITY FUND	205
-------------------------------	------------

PIML ASSET ALLOCATION FUND	257
-----------------------------------	------------

This Page Has Been Intentionally Left Blank

**PIML
INCOME FUND**

table of contents

07 Funds' Information

09 Directors' Report to the Unit holders - English

11 Directors' Report to the Unit holders - Urdu

13 Fund Manager's Report

17 Performance Table / Key Financial Data

18 Trustee Report to the Unit Holders

19 Independent Auditors' Report to the Unit Holders

24 Statement of Assets and Liabilities

25 Income Statement

26 Statement of Comprehensive Income

27 Cash Flow Statement

28 Statement of Movement in Unit Holders' Fund

29 Notes to the Financial Statements

FUND'S INFORMATION

Management Company	AWT Investments Limited 3rd Floor, AWT Plaza I.I Chundrigar Road, Karachi	
Board of Directors	Lt. General Najib Ullah Khan (Retd.) Maj. General Akhtar Iqbal (Retd.) Mr. Tariq Iqbal Khan Mr. Malik Riffat Mehmood Ms. Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Director Director Director Director Chief Executive Officer
Chief Financial Officer	Mr. Hamza Saboor	
Company Secretary	Mr. Naveed ul Islam	
Audit Committee	Mr. Tariq Iqbal Khan Maj. General Akhtar Iqbal (Retd.) Mr. Malik Riffat Mehmood	Chairman Member Member
HR Committee	Maj. General Akhtar Iqbal (Retd.) Ms. Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Member Member
Trustee	Central Depository Company of Pakistan Limited DC House, 99B, Block-B, SMCHS, Main Shahra-e-Faisal, Karachi	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi. 75530	
Legal Advisors	Mohsin Tayebaly & Co. 2nd Floor, Dime Centre, BC-4 Block-9, Kehkashan, Clifton, Karachi	
Bankers	Allied Bank Limited Bank Al-Habib Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited UBL Bank Limited Summit Bank Limited Askari Bank Limited Samba Bank Limited Al-Baraka Bank (Pakistan) Limited JS Bank Limited Silk Bank Limited U Micro Finance Bank Limited	
Rating	A+(f) by PACRA	

This Page Has Been Intentionally Left Blank

DIRECTORS'
REPORT TO THE UNIT HOLDERS

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of AWT Investments Limited the Management Company of PIML- Income Fund, is pleased to present the annual financial statements for the year ended June 30, 2018.

REVIEW OF FUND PERFORMANCE

During FY18 Income Fund delivered annualized yield of 5.99%, while the benchmark return was 6.32% denoting an under performance by 33bps.

On June 30, 2018 Net Assets of the fund stood at PKR 1,403.29 million, whereas the Net Assets of the fund on June 30, 2017 were PKR 460.35 million showing 205% growth during the year. On a sequential basis, the Net Assets of the fund on March 31, 2018 were PKR 1,215.31 million is denoting an increase of 15.45% on a QoQ basis. The weighted average time to maturity of the portfolio stands at 162days.

The fund's exposure in Debt Securities as on June 30, 2018 stood at 10.01% as compared to the exposure on March 31, 2018 stood at 17.96%. Bank placement accounted for 86% of the portfolio by June 30, 2018. The fund's Net Asset Value on June 30, 2018 was PKR 111.31.

The Fund was launched on 9th August 2012. The fund falls in the Income Fund category and aims to provide its investor with competitive returns while preserving their capital.

Subsequent to the year end, the Board of Directors on 06 July 2018 has approved a final distribution of Rs. 6.25 per unit (for full year). The aggregate cash distribution is Rs. 39.712 million in addition to refund of capital / element of income by issuing 371,966 additional units to eligible unit holders at zero price as per MUFAP guidelines (duly consented upon by SECP).

ECONOMIC OUTLOOK

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

FUND STABILITY RATING

The Fund stability rating 'A+ (f)' assigned by The Pakistan Credit Rating Agency Limited (PACRA) to the Fund remains unchanged.

MANAGEMENT QUALITY RATING

The JCR-VIS Credit Rating Company Limited has reaffirmed Management Quality Rating of "AM3+" 'with Rating Watch-Developing' to AWT Investments Limited on December 15, 2016. The rating denotes high management quality of the Management Company.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also wish to express gratitude to the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Rawalpindi: **September 24, 2018**

Chief Executive Officer

Director

پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ۔ انکم فنڈ
ڈائریکٹرز رپورٹ برائے یونٹ ہولڈرز

AWT انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز جو کہ پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ۔ انکم فنڈ (فنڈ) کی انتظامی کئی ہے، 30 جون 2018 کو اختتام پذیر ہونے والے سال کا سالانہ مالیاتی گوشوارہ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہی ہے۔

فنڈ کی کارکردگی کا جائزہ

جائزہ لیے جانے والے عرصے، مالیاتی سال 18 کے دوران فنڈ نے 5.99 فی صد سالانہ کی کمائی کی جب کہ اس کا بیچ مارک منافع 6.32 فی صد رہا جس سے 33 فیصدوں کے خسارے کا اشارہ ملتا ہے۔ 30 جون 2018 میں فنڈ کے خالص اثاثوں کی مالیت 1,403.29 ملین پاکستانی روپے تھی جب کہ 30 جون 2017 میں فنڈ کے خالص اثاثوں کی مالیت 460.35 ملین پاکستانی روپے تھی جو سالانہ بنیادوں پر 205 فی صد نمو کی نشان دہی کر رہا ہے۔ تو اتر کی بنیادوں پر 31 مارچ 2018 کو فنڈ کے خالص اثاثوں کی مالیت 1,215.31 ملین پاکستانی روپے تھی جس سے سرمایہ سے سرمایہ کی بنیاد پر 15.45 اضافے کا اشارہ ملتا ہے۔ پورٹ فولیو کی منجورئی کا اوسط دورانیہ 162 دن رکھا گیا۔

30 جون 2018 میں ڈیٹ سکیورٹیز میں فنڈ کی تشہیر 10.01 فی صد تھی بلحاظ 31 مارچ 2018 کے جب یہ شرح 17.96 فی صد تھی۔ 30 جون 2018 تک بینک میں موجود حساب پورٹ فولیو کا 86 فی صد تھا۔ 30 جون 2018 میں فنڈ کے خالص اثاثوں کی مالیت 111.31 پاکستانی روپے تھی۔

پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ۔ انکم فنڈ کا اجراء 9 اگست 2012 کو کیا گیا۔ یہ فنڈ، انکم فنڈ کی کئی قسم کی تقسیم کا فیصلہ کیا۔ 39.712 ملین کا مجموعی نقد نفع کی واپسی آمدنی کے جز کی صورت اضافی طور پر ادا کیا گیا جیسا

بورڈ آف ڈائریکٹرز نے 6 جولائی 2018 میں (پورے سال کے لیے) 6.25 روپے فی یونٹ کی حتمی تقسیم کا فیصلہ کیا۔ 39.712 ملین کا مجموعی نقد نفع کی واپسی آمدنی کے جز کی صورت اضافی طور پر ادا کیا گیا جیسا کہ 371,966 اضافی یونٹس، اہل یونٹ ہولڈرز کو MUFAP گائیڈ لائنز کے تحت زیر پر اس پر جاری کیے گئے۔

معاشی توقعات

مالی سال 2018 کے دوران، پاکستانی معیشت بیرونی طور پر ٹھیک بحران اور تنزلی کا شکار نظر آئی۔ موجودہ مالی خسارہ 42.57 فی صد تک جا پہنچا جو 17.99 ملین امریکی ڈالر تھا جب کہ مالی سال 17 میں 12.62 ملین امریکی تھا۔ جب کہ اسی دوران ملکی زرمبادلہ کے ذخائر میں 23 فی صد (5 ملین امریکی ڈالر) کمی ہو کر 16.4 ملین امریکی ڈالر ہو گئی۔ مالی سال 2018 کے دوران، کرنٹ اکاؤنٹ کا خسارہ بہت زیادہ بڑھ گیا اس کی وجوہات میں 36 ملین امریکی ڈالر کا ٹیکس تجارتی خسارہ شامل ہے۔

مالی سال 18 کے دوران CPI کی اوسط 3.92 فی صد تھی سال بہ سال بمقابلہ مالی سال 17 کے دوران جب یہ اوسط 4.16 فی صد تھی۔ گذشتہ چند مہینوں میں افراط زر کی شرح میں جون کے مقابلے میں 5.21 فی صد اضافہ دیکھنے میں آیا۔ افراط زر کی شرح میں اس اضافے کی وجہ بین الاقوامی تیل کی قیمتوں میں اضافہ اور پاکستانی روپے کی قدر میں کمی ہے۔ حالیہ مہینوں میں افراط زر کی شرح میں اضافہ آئندہ بھی جاری رہنے کی توقع ہے کیوں کہ ملک میں مہنگائی اور شایام کی قیمتوں میں اضافہ اس کے دباؤ میں مزید بڑھاوے گا۔ SBP نے پالیسی ریٹ پر نئی کو جاری رکھا ہے اور مالی سال 18 کے آخری حصے میں دو مرتبہ 75 پیسے اضافے کے بعد 6.5 فی صد اضافہ کیا۔ (14 جولائی 2018 میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں مزید 100 پیسوں یعنی 7.5 فی صد کا اضافہ کیا۔

FDI مالی سال 18 میں سال بہ سال 0.76 فی صد نمو حاصل کی جو کہ 2.77 ملین امریکی ڈالر ہوتے ہیں جب کہ اس کے مقابلے میں FDI مالی سال 17 میں 2.75 امریکی ڈالر تھی۔ مالی سال 18 میں اہم ترین

سرمایہ کاری (بالخصوص سی بیک کے پریڈیکٹس کے لیے) جہن کی جانب سے کی گئی جس کا حجم 1.58 بلین امریکی ڈالر تھا، پو کے کی جانب سے 279 ملین امریکی ڈالر، امریکی ڈالر اور سوئٹزر لینڈ 88 ملین امریکی ڈالر کی سرمایہ کاری کی گئی۔

LSM کے اعداد و مالی سال 4QFY18 میں مندی کا اشارہ دے رہے ہیں۔ بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں مندی کا رجحان دیکھنے میں آیا۔ جون 18 ماہ بہ ماہ میں 11.64 فی صد تھا۔ LSM کے اعداد و شمار میں مندی بالخصوص فریٹ لائزر اور لیڈر پروڈکٹس کے شعبوں میں دیکھنے میں آئی جون 18 میں 1.87 فی صد ماہ بہ ماہ اور 0.33 فی صد ماہ بہ ماہ تھی۔ جب کہ 11MFY18 کی بنیاد پر LSM میں 6 فی صد سال بہ سال کی نمو حاصل کی بمقابلہ 11MFY17 کے۔

نقد کے استحکام کی ریٹنگ

نقد کے لیے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے فنڈ آئٹمیٹی ریٹنگ A+(f) متعین کی گئی جس میں کوئی تبدیلی رونما نہیں ہوئی۔

مہجنت کو الٹی ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے پرائس انویسٹمنٹ مہجنت لمیٹڈ کو 15 دسمبر 2016 میں مہجنت کو الٹی ریٹنگ AM3+ کے علاوہ ریٹنگ واچ۔ یولپنگ سے بھی نوازا ہے۔ یہ ریٹنگ مہجنت کمپنی کی اعلیٰ درجہ کی انتظامی خصوصیات کو ظاہر کرتی ہے۔

اظہار تشکر

مہجنت کمپنی کے بورڈ آف ڈائریکٹرز، سیکرٹریز اینڈ اینڈیوٹیز کمیشن آف پاکستان کی جانب سے قابل قدر مدد و معاونت اور رہنمائی کے لیے ان کے شکر گزار ہیں۔ علاوہ ازیں بورڈ مہجنت کمپنی کے کارکنان اور سٹیمز کی لگن اور جفاکشی و محنت پر ان کا توال سے مشکور ہے۔ بورڈ نے یونٹ ہولڈرز کی جانب سے مہجنت پر بھروسہ کرنے پر ان کا بھی شکریہ ادا کیا۔

راولپنڈی : 24 ستمبر 2018

چیف ایگزیکٹو آفیسر

ڈائریکٹر

**FUND
MANAGER'S REPORT**

FUND MANAGER'S REPORT

- **Category and type of Collective Investment Scheme**
Income Scheme/ Open end
- **Objective of Collective Investment Scheme**
The objective of the fund is to generate competitive returns by investing short to long term debt instruments and securities.
- **Explanation as to whether the Collective Investment Scheme has achieved its stated objectives**
The collective investment scheme achieved its stated objectives.
- **Benchmark(s) relevant to the Collective Investment Scheme** Average of the 6MKibor
- **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Period	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Fund	6.70%	7.87%	7.67%	6.09%	5.43%	1.87%	5.73%	6.84%	6.57%	4.50%	6.09%	5.34%
BM	6.14%	6.15%	6.16%	6.61%	6.18%	6.21%	6.23%	6.43%	6.50%	6.50%	6.61%	6.98%
Diff	0.55%	1.72%	1.51%	-0.52%	-0.74%	-4.34%	-0.50%	0.40%	0.07%	-2.00%	-0.52%	-1.64%

- **Strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
During FY18 Income Fund delivered annualized yield of 5.99%, while the benchmark return was 6.32% denoting an under performance by 33bps.

On June 30, 2018 Net Assets of the fund stood at PKR 1,403.29 million, whereas the Net Assets of the fund on June 30, 2017 were PKR 460.35 million showing 205% growth during the year. On a sequential basis, the Net Assets of the fund on March 31, 2018 were PKR 1,215.31 million is denoting an increase of 15.45% on a QoQ basis. The weighted average time to maturity of the portfolio stands at 162days.

The fund's exposure in Debt Securities as on June 30, 2018 stood at 10.01% as compared to the exposure on March 31, 2018 stood at 17.96%. Bank placement accounted for 86% of the portfolio by June 30, 2018. The fund's Net Asset Value on June 30, 2018 was PKR 111.31.

During the period, the fund's exposure stood at 75% of the net assets in cash at bank at a very lucrative deposit rates. The fund also increased its exposure at 16.39% of the net assets in placement with banks. The fund's exposure in debt securities decreased to 10.01% as compared to 48.48% of the net assets of last year. Going forward, we expect the returns will further improve due to placements with bank at highly attractive rates keeping in view of rising interest rate scenario.

- **Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Portfolio Allocation	Jun-18	Jun-17
Cash	71.09%	31.59%
Placement with Banks & DFIs	15.37%	21.76%
T-Bills	0.00%	0.00%
PIBs	0.00%	0.51%
TFCs/Sukuks	9.38%	44.22%
Others including receivables	4.16%	1.92%
Total	100.00%	100.00%

• **Collective Investment Scheme's performance**

	Fund
Sharpe Ratio*	-1.98
Information Ratio	0.183
Standard Deviation*	0.50%
Weighted Avg Maturity (Days)	162

* Annualized

• **Changes in total NAV and NAV per unit since the last review period**

	FY18	FY17
Net Assets PKR Mn	1403.29	460.35
NAV/unit (PKR)	111.31	105.02

- **During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.**

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

• **Distribution made out of Collective Investment Scheme**

Distribution	
The income distribution was made by the Fund Rs. 6.25 per unit on July 06, 2018 for FY18	
NAV per unit as on	
Cum - NAV (PKR)	111.31
Ex - NAV (PKR)	105.06

- **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in the state of affairs during the year under review.

PIML Income Fund

- **Breakdown of unit holdings by size**

Range of Shares	
0.0001 - 9,999.9999	348
10,000.0000 - 49,999.9999	52
50,000.0000 - 99,999.9999	24
100,000.0000 - 499,999.9999	15
500,000.0000 & Above	5
Total	444

- **Circumstances that materially affect any interest of the unit holders**

Investment is subject to market risk.

- **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme, disclosure of the following:-**

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

PERFORMANCE TABLE / KEY FINANCIAL DATA

Key Financial Data

Description	(Rs in '000')				
	Years				
	2018	2017	2016	2015	2014
Net Assets	1,403,291	460,352	4,892,505	4,750,581	4,298,517
Net Income/(loss)	50,230	(12,349)	424,799	180,126	275,094
Total return of the Fund	5.99	4.68	11.71	16.96	8.81
Total dividend distribution	6.25	-	13.97	15.00	7.87
Capital Growth	(0.26)	4.68	(2.26)	1.96	0.94
Average Annual Return					
One Year - in percentage	5.99%	4.68%	11.71%	16.96%	8.81%
Two Year - in percentage	5.34%	8.20%	14.34%	12.89%	8.77%
Three Year - in percentage	7.46%	11.12%	12.49%	11.50%	n/a
Net assets value per unit - Rupees	111.31	105.02	102.94	102.29	100.19
Highest offer price per unit *	112.58	106.07	115.06	118.87	103.15
Lowest offer price per unit *	106.23	102.05	103.31	100.21	100.02
Year-end offer price per unit *	112.57	106.07	103.98	102.29	100.19
Highest repurchase price per unit *	111.31	105.02	113.92	118.87	103.15
Lowest repurchase price per unit *	105.04	101.03	102.28	100.21	100.02
Year-end repurchase price per unit *	111.31	105.02	102.94	102.29	100.19
Final distribution per unit	6.25	0.00	2.64	-	-
Announcement date	6/Jul/18	-	9/Aug/16	-	-
First Interim distribution per unit	-	-	7.10	15.00	0.58
Announcement date	-	-	24/Jun/16	19/May/15	31/Jul/13
Second Interim distribution per unit	-	-	4.23	-	0.68
Announcement date	-	-	29/Jun/16	-	29/Aug/13
Third Interim distribution per unit	-	-	-	-	0.10
Announcement date	-	-	-	-	30/Sep/13
Fourth Interim distribution per unit	-	-	-	-	0.10
Announcement date	-	-	-	-	30/Oct/13
Fifth Interim distribution per unit	-	-	-	-	2.29
Announcement date	-	-	-	-	30/Dec/13
Sixth Interim distribution per unit	-	-	-	-	0.73
Announcement date	-	-	-	-	30/Jan/14
Seventh Interim distribution per unit	-	-	-	-	0.64
Announcement date	-	-	-	-	28/Feb/14
Eighth Interim distribution per unit	-	-	-	-	0.54
Announcement date	-	-	-	-	28/Mar/14
Ninth Interim distribution per unit	-	-	-	-	0.01
Announcement date	-	-	-	-	30/Apr/14
Tenth Interim distribution per unit	-	-	-	-	0.01
Announcement date	-	-	-	-	29/May/14
Eleventh Interim distribution per unit	-	-	-	-	2.19
Announcement date	-	-	-	-	25/Jun/14
Total Distribution as % of par value	-	-	13.97	15.00	7.87
Number of units in issue - Number	12,606,780	4,383,599	47,526,301	46,444,140	42,905,453

Notes:

- PIML Income Fund was launched on August 10, 2012.

* Past performance is not necessarily indicative of future performance and that certificate prices and investment returns may go down, as well as up.

**TRUSTEE REPORT TO THE UNIT HOLDERS
PIMLINCOME FUND**

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 PRIMUS Investment Management Limited - Income Fund (the Fund) are of the opinion that AWT Investments Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 28, 2018

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the annexed financial statements of Primus Investments Management Limited -Income Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, income statement, statement of comprehensive income, statement of movement in unit holders' fund, cash flow statement for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Valuation of Investment</p> <p>Refer to note 6 to the financial statements for the details of investments and the accounting policy in note 4.3 to the financial statements.</p> <p>At 30 June 2018, the Fund had investments in debt securities of Rs. 140.424 million classified as "Fair value through income statement". It represents 10.01% of net assets value of the Fund as of that date.</p> <p>We identified the valuation of investments as a key audit matter because of its significance in relation to the net asset value of the Fund.</p>	<p>Our audit procedures to assess the valuation of investments included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investments; and • assessed on a sample basis whether the investments were valued at fair value based on the rates quoted by Mutual Fund Association of Pakistan (MUFAP) as at 30 June 2018.
2.	<p>Amendments to the NBFC Regulations, 2008</p> <p>Refer to note 4.1 to the accompanying financial statements with respect to element of income.</p> <p>The amendments to NBFC Regulations, 2008 brought through SRO 756(I)/2017 dated 03 August 2017 issued by Securities and Exchange Commission of Pakistan (SECP), have necessitated changes in accounting policies with respect to the recording of</p>	<p>Our audit procedures in respect of change in accounting policies due to amendments in NBFC Regulations 2008 included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and operating effectiveness of controls in place for estimation of income already paid on units redeemed (element of income), distribution and refund of capital (element of income).

PIML Income Fund

S. No	Key Audit Matter	How the matter was addressed in our audit
	<p>element of income / loss on net basis from income statement to unit holders' fund directly and consideration of Income already paid on units redeemed as dividend. The said</p> <p>SRO also required certain presentation changes. The fund has applied these changes with effect from 1 July 2017. We identified the said changes as a key audit matter because application of these changes involved complex calculations and judgment in respect of the determination of income already paid on units redeemed (element of income), distribution and refund of capital (element of income) to conform with methodology specified by MUFAP for such calculations</p>	<ul style="list-style-type: none"> • Testing, on sample basis, that income already paid on units redeemed (element of income), distribution and refund of capital (element of income) have been determined as per methodology specified by MUFAP in the consultation with SECP. • Assessing the adequacy of disclosures made with respect to change in accounting policies and the requirements of NBFC Regulations, 2008.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

PIML Income Fund

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended 30 June 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 29 September 2017.

The engagement partner responsible for the audit resulting in this independent auditor's report is **Amyr Pirani**.

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

This Page Has Been Intentionally Left Blank

FINANCIAL STATEMENTS

PIML Income Fund

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2018**

	<i>Note</i>	2018 (Rupees in '000)	2017
Assets			
Bank balances	5	1,083,606	161,737
Investments	6	370,424	331,749
Security deposits	9	2,600	2,600
Other receivables	8	3,734	2,883
Deferred formation cost	7	-	27
Total assets		1,460,364	498,996
Liabilities			
Remuneration payable to the Management Company	10	1,168	580
Remuneration payable to the Trustee	11	171	67
Annual fee payable to the Securities and Exchange Commission of Pakistan	12	670	2,614
Accrued expenses and other liabilities	13	55,063	35,383
Total liabilities		57,072	38,644
Contingencies and commitments	14		
Net assets		1,403,292	460,352
Unit holders' fund		1,403,292	460,352
		(Number)	
Number of units in issue	15	12,606,780	4,383,599
		(Rupees)	
Net assets value per unit		111.31	105.02

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 (Rupees in '000)	2017
Income			
Return / mark-up on:			
- Bank balances		48,917	71,294
- Clean placements		-	1,542
- Term deposit receipts		3,143	43,974
- Government securities		11	110,069
- Term Finance Certificates / Sukuks		14,938	21,121
Loss on sale of held for trading investments		(1,248)	(66,318)
Unrealized (loss) / gain on revaluation of held for trading investments		(777)	1,968
		64,984	183,650
Expenses			
Remuneration of the Management Company	10.1	9,133	39,353
Sindh Sales Tax on the Management Company's remuneration	13.3	1,187	5,116
Remuneration of the Trustee	11	1,431	3,743
Sindh Sales Tax on Trustee remuneration		186	486
Annual fee to the Securities and Exchange Commission of Pakistan	12	670	2,614
Amortization of deferred formation cost	7	27	254
Annual fees and subscriptions		384	240
Annual listing fee		27	50
Stability rating fee		301	273
Auditors' remuneration	16.	264	272
Printing related costs		72	70
Bank and other charges		46	896
Total expenses		13,728	53,367
Net income from operating activities		51,256	130,283
Element of loss and capital losses included in prices of units sold less those of units redeemed - net		-	(146,141)
Reversal of provision of Workers' Welfare Fund	13.2	-	13,862
Provision of Sindh Workers Welfare Fund	13.2	(1,025)	(10,350)
Net income / (loss) for the year before taxation		50,231	(12,346)
Taxation		-	-
Net income / (loss) after taxation for the year		50,231	(12,346)
Allocation of net income for the year			
Net income for the year after taxation		50,231	-
Income already paid on units redeemed		(10,241)	-
		39,990	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		39,990	-
		39,990	-

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Income Fund

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
	(Rupees in '000)	
Net income / (loss) after taxation for the year	50,231	(12,346)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	50,231	(12,346)

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year	50,231	(12,346)
Adjustments for:		
Return / mark-up on;		
- bank balances	(48,917)	(71,294)
- letters of placement	-	(1,542)
- term deposit receipt	(3,143)	(43,974)
- government securities	(11)	(110,069)
- term finance certificates / sukus	(14,938)	(21,121)
Unrealized loss / (gain) on revaluation of held for trading investments - net	777	(1,968)
Amortization of deferred formation costs	27	254
Reversal of provision of Workers' Welfare Fund	-	(13,862)
Provision of Sindh Workers Welfare Fund	1,025	10,350
Element of loss and capital loss in prices of units issued less those of units redeemed - net	-	146,141
	(65,180)	(107,085)
(Increase) / decrease in current assets		
Investments - net	(39,452)	2,803,828
Other receivables	-	950,372
	(39,452)	3,754,200
Decrease in current liabilities		
Remuneration payable to the Management Company	588	(4,380)
Remuneration payable to the Trustee	104	(423)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(1,944)	(1,375)
Accrued expenses and other liabilities	(1,079)	(18,135)
	(2,331)	(24,313)
Return on bank balances and placements received	47,254	142,199
Return on government / debt securities received	18,904	162,024
Net cash flows from operating activities	9,426	3,914,679
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received from issuance of units	1,740,326	9,050,390
Amounts paid on redemption of units	(827,883)	(13,510,801)
Dividend paid	-	(154,624)
Net cash flows from financing activities	912,443	(4,615,035)
Net increase / (decrease) in cash and cash equivalents	921,869	(700,356)
Cash and Cash equivalents at the beginning of the year	161,737	862,093
Cash and Cash equivalents at the end of the year	1,083,606	161,737

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Income Fund

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2018

	2018			2017		
	Value	Undistributed income	Total	Value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	556,263	(95,911)	460,352	4,870,533	21,972	4,892,505
Issuance of 16,124,172 units (2017: 88,661,192 units)						
Capital value	1,693,361	-	1,693,361			
Element of income	46,965	-	46,965			
Amount received on issuance of units	1,740,326	-	1,740,326	8,866,119	184,271	9,050,390
Redemption of 7,900,995 units (2017: 131,803,894 units)						
Capital value	(829,762)	-	(829,762)			
Element of income:						
- Income already paid		(10,241)	(10,241)			
- Refund / adjustment on units	(7,614)	-	(7,614)			
Amount paid / payable on redemption of units	(837,376)	(10,241)	(847,617)	(13,180,389)	(330,412)	(13,510,801)
Final distribution for the year ended 30 June 2018 : Nil [30 June 2017: Rs. 2.64 per unit (Date of distribution: 10 August 2016)]						
- Cash distribution	-	-	-	-	(105,537)	(105,537)
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net	-	-	-	-	146,141	146,141
Total comprehensive income for the year	-	50,231	50,231	-	(12,346)	(12,346)
Net assets as at end of the year	1,459,213	(55,921)	1,403,292	556,263	(95,911)	460,352
Undistributed (loss) / income brought forward:						
- Realized (loss) / income		(97,879)			19,736	
- Unrealized income		1,968			2,236	
		(95,911)			21,972	
Accounting income available for distribution:						
Relating to capital gains		-				
Excluding capital gains		39,990				
		39,990			(12,346)	
Final distribution for the year ended 30 June 2018 : Nil [30 June 2017: Rs. 2.64 per unit (Date of distribution: 10 August 2016)]						
- Cash distribution		-			(105,537)	
Undistributed income at end of the year		(55,921)			(95,911)	
Undistributed loss carried forward:						
- Realized loss		(55,144)			(97,879)	
- Unrealized (loss) / income		(777)			1,968	
		(55,921)			(95,911)	
			(Rupees)			(Rupees)
Net assets value per unit as at the beginning of the year			105.02			102.94
Net assets value per unit as at the end of the year			111.31			105.02

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Primus Investment Management Limited - Income Fund (the Fund) has been established under a Trust Deed, dated 20 June 2012, between AWT Investments Limited incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Fund has been registered as a Notified Entity on 01 August 2012 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

1.2 During the year ended June 30, 2014, the Fund was re-categorized from money market category to income fund category. Securities and Exchange Commission of Pakistan has approved the application for amendments related to above change in the first supplemental offering document via letter dated April 16, 2014.

On 26 July 2017, Securities and Exchange Commission of Pakistan gave its approval for the change of the name of the Management Company from Primus Investment Management Limited to AWT Investments Limited. The change was made pursuant to the acquisition 70% shares of the Management Company by Army Welfare Trust (AWT).

Subsequent to the year end on 02 August 2018, AWT acquired further 30% shares of the Management Company.

1.3 The Management Company of the Fund has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management and investment advisory services as a Non-Banking Finance Company. The registered office of AWT Investment Limited at 3rd Floor, AWT Plaza I.I Chudrigar Road, Karachi.

1.4 The Fund offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. As per offering document, the Fund shall invest in short to long term debt instruments and securities.

The Scheme is required to invest in government securities including but not limited to T-bill, PIB, GOP Ijarah Sukuk, securities issued by provincial government, cash and near cash instruments which include cash in bank account (excluding term deposit receipts), treasury Bills not exceeding 90 days maturity. The scheme can also invest in term deposit receipts term finance certificates / sukuks letter of placement, certificate of deposits / investments, certificate of musharakas with financial institutions upto 75% with no minimum limit, reverse repo transactions against government securities, Commercial Papers upto 50% with no minimum limit. The Scheme can also invest outside Pakistan subject to approval of SECP (maximum limit being 30% or cap of USD 15 million with no minimum limit. Not more than 15% of the net assets shall be invested in non-traded securities including reverse repos, bank deposits, Certificate of investment (COI), Certificate of Musharaka (COM) and anything over 6 months maturity which is not a marketable security

1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

2.1.2 Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured 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. All financial information presented in Pak Rupees has been rounded off to the nearest thousand rupees, except otherwise stated.

2.4 Use of judgments and estimates

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 year in which the estimates are revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

a) Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in Note 4.3 regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ending 30 June 2018 is included in:

- Notes 4.3.1 and 4.3.3 - Valuation of investments
- Notes 4.12 and 4.15 - Impairment of financial instruments and other assets
- Notes 13.1, 13.2 and 13.3 - Recognition of provision for Workers' Welfare Fund, Federal Excise Duty and Sindh sales tax on Federal exercise duty respectively
- Notes 4.9 and 19 - Taxation

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting years beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual years 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property - effective for annual years beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual years beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or

PIML Income Fund

joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual years beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual years beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual years beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. The management is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on the adoption of the standard. However the management considers that the impact would not be significant.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual years beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management is in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments on the adoption of the standard and impairment required under the expected credit loss model. However the management considers that there would not be a significant financial impact.
- IFRS 16 'Leases' (effective for annual year beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual year beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual years beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the year; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company premeasures its previously held interest in a joint operation when it obtains control of the business. A company does not premeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Fund's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to years presented except for the change in accounting policy for element of income (refer note 4.1).

New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting years beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.1 Element of income / (loss)

Up to 30 June 2017, 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 accounting period is recognized in income statement on net basis 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 on net basis.

Securities & Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". As per SRO, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. It also specifies that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to "Income Statement" (relating to allocation of net income for the year) and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed directly in Statement of movements in unit holders' fund instead of income statement. "MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated. Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs. 38.564 million net off charge for SWWF in respect of element of income and consequently NAV per unit would have been lower by Rs. 0.0624.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity year of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.3 Investments

4.3.1 All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the Income Statement.

4.3.2 The Fund classifies its investments in financial asset at fair value through income statement:

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through income statement upon initial recognition. Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through income statement upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

4.3.3 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

PIML Income Fund

4.4 Deferred formation cost

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a year of five years.

4.5 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 that day. 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.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors 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.

4.6 Net asset value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.7 Revenue recognition

- Gains or losses on sale of securities and unrealised gains or losses arising on the revaluation of securities classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Income on term deposits, bank balances, debt securities and investments in Treasury Bills and Pakistan Investment Bonds are recognised at rate of return implicit in the instrument on a time proportionate basis.

4.8 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.9 Taxation

The income of the Fund is exempt from Income Tax under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its 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.

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.

4.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund ceases to be a party to such contractual provisions of the instrument, that is, when the rights to receive cash flows have expired, balance has been realised or when the Fund has transferred substantially all the risk and rewards incidental to ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or when it has expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

All financial assets are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, financial assets (other than held for trading investments mentioned in note 4.2 above) comprising of loans and receivables (representing non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) are carried at amortised cost. However these are estimated to approximate to its fair value.

Financial liabilities are initially recognised at fair value and subsequently stated at amortised cost, which is also estimated to approximate to its fair value.

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Impairment

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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

4.13 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.14 Dividend distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire year. The rate of distribution is adjusted for the effect of refund of capital if any based on the year of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the year of investment.

4.15 Other assets

Other assets are stated at cost less impairment losses, if any.

4.16 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.

5 BANK BALANCES	<i>Note</i>	2018	2017
(Rupees in '000)			
Profit and loss sharing accounts	5.1	<u>1,083,606</u>	<u>161,737</u>
5.1 These accounts carry profit rates ranging from 6.5% to 8% (30 June 2017: 4% to 6.10%) per annum.			
6 INVESTMENTS			
At fair value through income statement - held for trading			
Pakistan Investment Bonds	6.1	-	2,548
Term Finance Certificate - unlisted	6.2	50,000	75,958
Sukuk certificate - privately placed	6.3	50,000	-
Sukuk certificate - listed	6.4	14,611	118,409
Sukuk certificate - unlisted	6.5	25,813	26,286
		<u>140,424</u>	<u>223,201</u>
Loans and receivables			
Term deposit receipts	6.6	230,000	108,548
		<u>370,424</u>	<u>331,749</u>

PIML Income Fund

6.1 Government Securities - Pakistan Investment Bonds At fair value through income statement - held for trading

Note	Holding at the beginning of the year	Acquired during the year	Disposed during the year	Holding at the end of the year	Carrying value before revaluation as at 30 June 2018	Market value / carrying value as at 30 June 2018 (after revaluation)	Unrealised (gain) / loss - net	Market Value as % of Total Investments	Market Value as % of Net Assets
	(Number of Certificates)				(Rupees in '000)				
3 years	25	-	25	-	-	-	-	-	-
Total as at 30 June 2018					-	-	-	-	-
Cost as at 30 June 2018					-				
Total as at 30 June 2017					2,564	2,548	16		
Cost as at 30 June 2017					2,564				

6.2 Term Finance Certificates - unlisted At fair value through income statement - held for trading

Bank Al-Habib Limited (Face value of Rs. 5,000/- each)	6.2.1	-	10,000	-	10,000	50,000	50,000	-	13.50	3.56
Askari Bank Limited -PPTFC IV (Face value of Rs. 1,000,000/- each)		75	-	75	-	-	-	-	-	-
Total as at 30 June 2018						50,000	50,000	-	13.50	3.56
Cost as at 30 June 2018						50,000				
Total as at 30 June 2017						75,734	75,958	(224)		
Cost as at 30 June 2017						75,734				

6.2.1 These carries profit at six months KIBOR plus 1.5% resulting in profit rate of 7.71% as at the year end (30 June 2017: Nil) per annum at the year end. The instrument is a perpetual instrument. Interest is payable semi-annually. These certificates are unsecured. These certificates are not yet quoted by the MUFAP and are valued at the amount disbursed, which value is not expected to be significantly different from the fair value. The entity and the term finance certificates have been rated 'AA+' and 'AA-' respectively by PACRA.

6.3 Sukuk Certificates (privately placed) At fair value through income statement - held for trading

Aspin Pharma (Private) Limited (Face value of Rs. 100,000/- each)	6.3.1	-	500	-	500	50,000	50,000	-	13.50	3.56
Total as at 30 June 2018						50,000	50,000	-	13.50	3.56
Cost as at 30 June 2018						50,000				
Total as at 30 June 2017						-	-	-		
Cost as at 30 June 2017						-				

6.3.1 Above amount was paid on 30 November 2017 and carries profit at three months KIBOR plus 1.5%. At the year end profit rate was 7.90% (30 June 2017: Nil) per annum and will mature on 30 November 2023 (30 June: Nil). Interest is payable quarterly while the principal is payable quarterly in twenty equal installments of Rs. 2.5 million, starting from the fifteenth month of the issue (i.e 01 March 2019). These certificates are secured against a ranking charge on all present and future fixed assets (land, building, plant and machinery) of the company inclusive of 15% margin on the issue amount.

These certificates are not yet quoted by MUFAP and are valued at the amount disbursed, which value is not expected to be significantly different from the fair value. The entity and the sukuk instrument have been rated as 'AA-' and 'AA' respectively by the JCR-VIS.

6.4 Sukuk certificate - listed At fair value through income statement - held for trading

Note	Holding at the beginning of the year	Acquired during the year	Disposed during the year	Holding at the end of the year	Carrying value before revaluation as at 30 June 2018	Market value / carrying value as at 30 June 2018 (after revaluation)	Unrealised (gain) / loss - net	Market Value as % of Total Investments	Market Value as % of Net Assets	
	(Number of Certificates)				(Rupees in '000)					
Hascol petroleum Limited (Face value of Rs. 5000/- each)	6.4.1	3,800	-	-	3,800	14,915	14,611	304	3.94	1.04
Pak Electron Limited (Face value of Rs. 1,000,000/- each)		99	-	99	-	-	-	-	-	-
Total as at 30 June 2018						14,915	14,611	304	3.94	1.04
Cost as at 30 June 2018						14,915				
Total as at 30 June 2017						117,668	118,409	(741)		
Cost as at 30 June 2017						117,668				

6.4.1 This carries profit at three months KIBOR plus 1.5% resulting in profit rate of 7.92% (30 June 2017: 7.79%) per annum at the year end and will mature on 7 January 2022. Interest is payable quarterly while the principal is also payable quarterly at twenty equal principal installments of Rs. 0.95 million. These certificates are secured against first pari-pasu charge over specific depots and retail outlets of the company inclusive of a 25% margin.

These certificates at the year end are valued at the rate quoted by MUFAP. The entity and the sukuk instrument have been rated as 'AA' by the JCR-VIS.

PIML Income Fund

6.5 Sukuk certificate - unlisted

At fair value through income statement - held for trading

TPL Trakker Limited (Face value of Rs. 1,000,000/- each)	6.5.1	25	-	-	25	26,286	25,813	473	6.97	1.84
Total as at 30 June 2018						<u>26,286</u>	<u>25,813</u>	<u>473</u>	<u>6.97</u>	<u>1.84</u>
Cost as at 30 June 2018						<u>26,286</u>				
Total as at 30 June 2017						<u>25,000</u>	<u>26,286</u>	<u>(1,286)</u>		
Cost as at 30 June 2017						<u>25,000</u>				

- 6.5.1** This carries profit at one year KIBOR plus 3% resulting in profit rate of 9.91% (30 June 2017: 9.60%) per annum at the year end and will mature on 13 April 2021. Interest is payable quarterly while principal will be payable semi-annually in four equal principal installments of Rs. 6.25 million starting from October 2019. These certificates are secured against 55 million ordinary shares of TPL Properties limited owned by the company, charge by way of hypothecation of Rs. 750 million (inclusive of 20% margin) over the hypothecated assets in favour of the trustee and a ranking charge ranking subordinate and subserviant to the charge in favour of the existing creditors.

These certificates at the year end are valued at the rate quoted by MUFAP. The entity and the term finance certificates have been rated as 'A -' and 'A+' respectively by PACRA.

6.6 Loans and Receivables - Term Deposit Receipts

NRSP Microfinance Bank	6.6.1					100,000	-	-	27.00	7.13
Silk Bank Limited	6.6.2					130,000	-	-	35.09	9.26
Total as at 30 June 2018						<u>230,000</u>	<u>-</u>	<u>-</u>	<u>62.09</u>	<u>16.39</u>
Cost as at 30 June 2018						<u>230,000</u>				
Total as at 30 June 2017						<u>108,548</u>	<u>-</u>	<u>-</u>		
Cost as at 30 June 2017						<u>108,548</u>				

- 6.6.1** This carries mark-up rate of 9.50% (2017: 11.49%) per annum and will mature on 04 June 2019.

- 6.6.2** This carries mark-up rate of 7.50% (2017: Nil) per annum and will mature of 04 July 2019.

7 DEFERRED FORMATION COST

Note **2018** 2017
(Rupees in '000)

Formation cost incurred							27	281
Amortised to the income statement during the year							(27)	(254)
Unamortised cost at end of the year							<u>-</u>	<u>27</u>

8 OTHER RECEIVABLES

Return / markup receivable on:

- Bank balances							1,684	21
- Term finance certificates/sukuks							1,267	1,710
- Term deposits receipts							783	1,094
- Government securities							-	58
							<u>3,734</u>	<u>2,883</u>

9 SECURITY DEPOSITS

Central Depository Company of Pakistan Limited							100	100
National Clearing Company of Pakistan Limited							2,500	2,500
							<u>2,600</u>	<u>2,600</u>

10 REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company						10.1	<u>1,168</u>	<u>580</u>
--	--	--	--	--	--	------	---------------------	------------

PIML Income Fund

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2018	2017
		(Rupees in '000')	
Federal Excise Duty Payable on remuneration of Management Company	13.1	20,813	20,813
Provision of Sindh Worker Welfare Fund (SWWF)	13.2	11,375	10,350
Sindh Sales Tax payable on remuneration of management Company	13.3	2,473	2,397
Sindh Sales Tax payable on remuneration of the Trustee		22	9
Auditors' remuneration payable		181	190
Payable against redemption of units		19,734	-
Printing and stationary expenses		40	38
Other payable		425	1,586
		55,063	35,383

- 13.1** As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 04 September 2013. While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. This amount is payable to the Management Company for onward payment to the government.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained provision for FED amounting to Rs. 20.813 million. Had the provision not been made, NAV per unit of the Fund as at 30 June 2018 would have been higher by Re. 1.65 (30 June: Re. 4.75).

- 13.2** Provision for Sindh Workers' Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF, but as a matter of abundant caution management has recorded SWWF at 2% of the net income earned by a Fund effective from 12 April 2016 (the date of the commencement of the Fund's operation).

The total provision for SWWF till 30 June 2018 is Rs. 11.375 million (30 June 2017: Rs. 10.350 million). Had the provision not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 0.90 (30 June 2017: Rs. 2.36) per unit.

Furthermore, on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition with the SCP against the said judgment, which is pending hearing. While the petition filed by the Collective Investment Schemes (CISs) on the matter are still pending before the Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Pursuant to above MUFAP recommended that the entire provision of Rs. 13.862 million against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017.

- 13.3** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on Management Company's remuneration. Above liability includes Rs. 2.321 million (30 June 2017: Rs. 2.321 million) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 13.1 below. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 0.18 (30 June 2017: Re. 0.53) per unit. This is payable to management company for onwards payment to the Government.

14 CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the year end except as those mentioned elsewhere in these financial statements.

PIML Income Fund

15 NUMBER OF UNITS IN ISSUE	2018	2017
	(Number)	
Total outstanding as of 1 July	4,383,599	47,526,301
Issued during the year	16,124,176	88,661,192
Redemptions during the year	(7,900,995)	(131,803,894)
Total units in issue as of 30 June	12,606,780	4,383,599

16. AUDITORS' REMUNERATION	(Rupees in '000)	
Annual audit fee	138	138
Half yearly review fee	69	69
Fee for the review of statement of compliance with the best practices of Code of Corporate Governance	-	23
Report on the statement of income and expenses	23	-
Out of pocket expenses	32	42
	262	272

17. TOTAL EXPENSE RATIO

Total expense ratio (comprising of all the expenses, including the government levies, incurred during the year divided by average net asset value for the year) is 1.65% per annum. Total expense ratio (excluding government levies) is 1.31% per annum. As per the NBFC Regulations, 2008 total expense ratio of the Income Scheme shall be capped upto 2% (excluding the government levies).

18. TAXATION

The income of the Fund is exempt from income tax under 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 to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 4.14) explained above, no provision for taxation has been made in these financial statements. The Management Company on 06 July 2018 (refer note 22.9) has declared distribution 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.

19. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	(Rupees in '000')		
Opening balance as at 1 July 2017	-	-	-
Receivable against issuance of units	1,740,326	-	1,740,326
Payable against redemption of units	-	(847,617)	(847,617)
	1,740,326	(847,617)	892,709
Amount received on issuance of units	(1,740,326)	-	(1,740,326)
Amount paid on redemption of units	-	827,883	827,883
	(1,740,326)	827,883	(912,443)
Closing balance as at 30 June 2018	-	(19,734)	(19,734)

20. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include AWT Investment Limited being the Management Company, Central Depository Company of Pakistan Limited being the trustee, Army Welfare Trust which is the parent entity of the Management Company, other funds managed by the Management Company, associated companies of the management company / parent entity of the management company, entities in which the above parties or their connected persons have a material interest, Key Management Personnel and includes entities holding 10% or more units of the Fund as at 30 June 2018. It also includes the staff retirement benefit funds of the above related parties / connected persons. Details of the transactions and balances with the related parties / connected persons, other than those which has been disclosed elsewhere are as follows:

PIML Income Fund

20.1 Details of balances with related parties / connected persons as at year end

	Note	2018	2017
		(Rupees in '000)	
AWT Investments Limited - Management Company			
Remuneration payable to the Management Company	10	1,168	580
Units held - Nil units (2017: 515,604)	20.5	-	54,149
Army Welfare Trust - parent entity of the Management Company			
Units held - 2,352,277 units (2017: Nil units) (representing 18.66% of the net assets as of 30 June 2018)	20.5	261,832	-
Askari General Insurance Limited - common directorship of the Management Company			
Units held - 1,501,661 units (2017: Nil units) (representing 11.91% of the net assets as of 30 June 2018)	20.5	167,150	-
Pak Brunei Investment Company Limited - associated company of the Management Company			
Units Held - 93,731 units (2017: Nil units) (representing 0.74% of the net assets as of 30 June 2018) - subsequently withdrawn	20.5	10,433	-
Silk Bank Limited - common directorship of the Management Company			
Bank Balances		805,318	30
Investment in Term Deposit Receipts		130,080	-
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable to the Trustee	11	171	67
Security deposit	9	100	100
Key Management Personnel of the Management Company			
Units held: 6,784 units (2017: 53,487 units) (representing 0.05% of the net assets as of 30 June 2018)	20.5	755	5,617
PIML Provident Fund			
Units held: 7,227 units (2017: Nil units) (representing 0.05% of the net assets as of 30 June 2018)	20.5	759	-
Unit Holder Holding 10% or more of unit in issue			
Units held: Nil units (2017: 2,371,712 units)	20.5	-	249,077

20.2 Details of transactions with related parties / connected persons during the year

AWT Investments Limited - Management Company			
Remuneration of the Management Company		9,133	39,353
Issuance of 474,816 units (2017: 2,278,958 units)		50,148	233,654
Redemption of 990,420 units (2017: 3,094,731 units)		106,092	315,231
Dividend paid during the year		-	3,515
Sale of Sukuk Certificates		-	3,003
Sales Load		-	1,307
Army Welfare Trust - parent entity of the Management Company			
Issuance of 2,352,277 units (2017: Nil units)		250,000	-

PIML Income Fund

	2018	2017
	(Rupees in '000)	
Askari General Insurance Limited - common directorship of the Management Company		
Issuance of 1,501,661 units (2017: Nil units)	<u>160,000</u>	<u>-</u>
Pak Brunei Investment Company Limited - associated company of the Management Company		
Issuance of 93,731 units (2017: 54,429,445 units)	<u>10,066</u>	<u>5,556,018</u>
Redemption of Nil units (2017: 84,073,933 units)	<u>-</u>	<u>8,614,805</u>
Placements matured during the year	<u>-</u>	<u>600,000</u>
Mark-up earned on placements during the year	<u>-</u>	<u>1,542</u>
Mark-up on placements received during the year	<u>-</u>	<u>8,150</u>
Dividend paid during the year	<u>-</u>	<u>68,024</u>
Purchase of government securities	<u>-</u>	<u>599,431</u>
Sale of government securities	<u>-</u>	<u>756,279</u>
Silk Bank Limited - common directorship of the Management Company		
Purchase of investment in Term deposit receipts	<u>130,000</u>	<u>-</u>
Mark-up earned on bank balances and placements during the year	<u>28,704</u>	<u>13,454</u>
Mark-up earned on Term deposit receipts	<u>80</u>	<u>-</u>
Placements entered during the year	<u>-</u>	<u>250,000</u>
Placements matured during the year	<u>-</u>	<u>750,000</u>
Purchase of investment in Government securities	<u>-</u>	<u>30,866</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration of the Trustee	<u>1,431</u>	<u>3,743</u>
CDC Settlement Charges	<u>13</u>	<u>24</u>
Key Management Personnel of the Management Company		
Issuance of 10,220 units (2017: 58,427 units)	<u>1,112</u>	<u>6,116</u>
Redemption of 56,923 units (2017: 6,799 units)	<u>6,179</u>	<u>702</u>
Dividend paid during the year	<u>-</u>	<u>1</u>
PIML Provident Fund		
Issuance of 14,453 units (2017: Nil units)	<u>1,604</u>	<u>-</u>
Redemption of 7,226 units (2017: Nil units)	<u>804</u>	<u>-</u>
Unit holders holding 10% or more of unit in issue		
Issuance of Nil units (2017: 45,574 units)	<u>-</u>	<u>4,606</u>
Redemption of Nil units (2017: Nil units)	<u>-</u>	<u>50,000</u>

20.3 Remuneration payable to the Management Company and the Trustees have been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

20.4 Purchase and redemption of units of the Fund by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

20.5 This reflects the position of related party / connected person status as of 30 June 2018.

PIML Income Fund

21. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from financial instruments:

- credit risk (refer note 21.1)
- liquidity risk (refer note 21.2)
- market risk (refer note 21.3)

Risk management framework

The Board of directors of the Management Company has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on the limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how the management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

21.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of securities and security deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default. Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a yearic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

The maximum exposure to credit risk as at 30 June 2018 was as follows:

	2018		2017	
	Balance as per the Statement of Asset and Liabilities	Maximum Exposure	Balance as per the Statement of Asset and Liabilities	Maximum Exposure
	(Rupees in '000)		(Rupees in '000)	
Bank balances (including profit due)	1,215,370	1,215,370	161,758	161,758
Investments (including profit due)	242,394	242,394	334,611	332,005
Security deposits	2,600	2,600	2,600	2,600
	1,460,364	1,460,364	498,969	496,363

PIML Income Fund

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure as at 30 June 2018 is Nil (30 June 2017: Government Securities Rs. 2.548 million) is not exposed to credit risk.

Credit ratings

The Fund's balances with banks have the following credit ratings:

Rating	2018		2017	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
A1+	24,153	1.99	161,551	99.87
A-1	511	0.04	70	0.04
A-1+	3,688	0.30	107	0.07
A-2	1,187,018	97.67	30	0.02
Total balance including profit due	1,215,370	100.00	161,758	100.00

Above ratings are on the basis of available ratings assigned by PACRA and JCR-VIS.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affects the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2018		2017	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
Commercial banks (including profit due)	893,486	61.18	239,426	48.24
Micro Finance Bank (including profit due)	472,704	32.37	109,642	22.09
Pharmaceutical	50,352	3.45	-	-
Oil and Gas	14,874	1.02	18,715	3.77
Insurance	26,348	1.80	26,286	5.30
Cable and Electronic Goods	-	-	99,694	20.08
National Clearing company of Pakistan Limited - security deposit	2,500	0.17	2,500	0.50
Central Depository Company of Pakistan Limited - security deposit	100	0.01	100	0.02
	1,460,364	100	496,363	100

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2018.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

PIML Income Fund

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments and other financial instruments that are traded in an active market and can be readily disposed, as mentioned in note 1.4. As a result, the Fund may be able to liquidate quickly its investment in these instruments at an amount close to their fair value to meet its liquidity requirement.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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.

Maturity analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

	Contractual cash flows	
	Carrying amount	Less than 1 month
30 June 2018		
Non-derivative liabilities (excluding unit holders' fund)	----- (Rupees in '000) -----	
Payable to the Management Company (excluding Sindh sales tax and federal excise duty)	1,168	1,168
Remuneration payable to the Trustee	171	171
Accrued expenses and other liabilities*	20,380	20,380
	21,719	21,719
Unit holders' fund	1,403,292	1,403,292
30 June 2017		
Non-derivative liabilities (excluding unit holders' fund)	----- (Rupees in '000) -----	
Payable to the Management Company (excluding Sindh sales tax and federal excise duty)	580	580
Remuneration payable to the Trustee	67	67
Accrued expenses and other liabilities*	1,814	1,814
	2,461	2,461
Unit holders' fund	460,352	460,352

Above financial liabilities do not carry any mark-up.

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company's remuneration, Sindh sales tax payable on Trustee's remuneration, annual fee payable to Securities and Exchange Commission of Pakistan and withholding income tax payable.

21.3 Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate and price risks.

PIML Income Fund

21.3.1 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 interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

Interest rate profile of the Fund's interest-bearing financial instruments as reported to the management of the Fund is as follows:

	2018	2017
	(Rupees in '000)	
Variable rate instruments		
Financial assets (bank balances)	1,083,606	161,737
Financial assets (Sukuku and term finance certificates)	140,424	223,201
	<u>1,224,030</u>	<u>384,938</u>
Fixed rate instrument		
Financial assets (Term deposit receipt)	230,000	108,548
	<u>230,000</u>	<u>108,548</u>

Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 12.24 million (30 June 2017: Rs. 3.849 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Sensitivity analysis for fixed rate instruments

The Company does not account for term deposit receipt (fixed rate financial asset) at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect net assets of the fund.

Bank balances are repriced by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the Fund's liabilities are subject to interest rate risk.

21.3.2 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate 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. A 5% increase or decrease in the sukuk certificates and term finance certificates of Rs. 140.424 million at the year end would have increased or decreased the Income statement by Rs. 7.021 million.

21.4 Unit holder's fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

21.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the year 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.

PIML Income Fund

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (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.

On-balance sheet financial instruments	Note	Carrying amount			Fair value		
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2
30 June 2018							
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Investments	6	140,424	-	-	140,424	-	140,424
Financial assets not measured at fair value							
Bank balances	5	-	1,083,606	-	1,083,606	-	-
Investments	6	-	230,000	-	230,000	-	-
Other receivables	8	-	3,734	-	3,734	-	-
Security deposits	9	-	2,600	-	2,600	-	-
		-	1,319,940	-	1,319,940	-	-
Financial liabilities not measured at fair value							
Remuneration payable to the Management Company	10	-	-	1,168	1,168	-	-
Remuneration payable to the Trustee	11	-	-	171	171	-	-
Accrued expenses and other liabilities	13	-	-	20,380	20,380	-	-
		-	-	21,719	21,719	-	-
30 June 2017							
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Investments	6	223,201	-	-	223,201	-	223,201
Financial assets not measured at fair value							
Bank balances	5	-	161,737	-	161,737	-	-
Investments	7	-	108,548	-	108,548	-	-
Other receivables	8	-	2,883	-	2,883	-	-
Security deposits	9	-	2,600	-	2,600	-	-
		-	275,768	-	275,768	-	-
Financial liabilities not measured at fair value							
Remuneration payable to the Management Company	10	-	-	580	580	-	-
Remuneration payable to the Trustee	11	-	-	67	67	-	-
Accrued expenses and other liabilities	13	-	-	1,814	1,814	-	-
		-	-	2,461	2,461	-	-

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

PIML Income Fund

22 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, list of top brokers by percentage of commission the paid, members of the Investment Committee, fund manager, meetings of the Board of Directors, credit rating of the Fund and the Management Company of the Fund as required under Schedule V of Non Banking Finance Companies and Notified Entities Regulations, 2008 are as follows:

22.1 Unit holding pattern of Fund

Category	2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	388	366,755	26.14
Associates	7	440,985	31.42
Retirement Funds	7	44,450	3.17
Other Corporates	42	551,103	39.27
	444	1,403,292	100.00

Category	2017		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	129	79,863	17.35
Associates	1	54,147	11.76
Others	8	326,342	70.89
	138	460,352	100.00

22.2 List of top brokers by percent of the commission paid

The list of brokers by percentage of the commission paid during the year ended 30 June 2018 are as follows:

Name of broker	Percentage of commission / brokerage %
- Optimus Markets (Pvt) Limited	50.00
- Paramount Securities (Private) Limited	50.00

The list of brokers by percentage of the commission paid during the year ended 30 June 2017 were as follows:

Name of broker	Percentage of commission / brokerage %
- Invest Capital Markets Limited	57.39
- JS Global Capital Limited	22.95
- ICON Securities (Private) Limited	11.93
- Invest One Markets Limited	3.18
- Magneta Capital (Private) Limited	2.50
- Paramount Securities (Private) Limited	2.05

PIML Income Fund

22.3 Members of the investment committee

Following are the members of investment committee:

Mr. Salman Haider - Chief Executive Officer
Mr. Hamza Saboor - Chief Financial Officer
Mr. Basharat Ullah Khan - Chief Investment Officer
Mr. Imran Rahim Khan - Fund Manager
M. Saeed Khalid - Acting Head of Research
Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Salman Haider - Chief Executive Officer

Mr. Salman Haider has over 20 years of Investment Management experience including almost 10 years on Wall Street starting with Merrill Lynch in 1996 along with Janney and Wachovia-Wells Fargo. He has held series 7 and series 63 licenses with life & health insurance licenses of NASD in New York to develop and invest in diverse investment products including securities, debentures, futures & options, commodities and annuitized insurance investment plans. Mr. Salman Haider has vast experience in Investment Banking and Asset Management arenas and has headed Faysal Asset Management Ltd in Pakistan from 2005 till 2012 growing profits of the company by over 600% and asset base from PKR 1 Billion to PKR 13 Billion. Mr. Haider holds a bachelors in Finance from Rutgers University USA, an MBA from University of London UK and an executive leadership graduate certification from Cornell University, USA.

Mr. Hamza Saboor - Chief Financial Officer

Mr. Hamza Saboor is an associate member of the Institute of Chartered Accountant of Pakistan (ICAP) and currently pursuing Institute of Chartered Accountant in England and Wales (ICAEW) qualification. He has more than 07 years of work experience ranging from Multinational Audit firm, Financial Consultancy and Microfinance Bank. He started his career from KPMG Taseer Hadi & Co. specializing in Audit and Assurance services, Business Processing Outsourced and Risk Advisory in versatile industries specially the financial sector, which included statutory and financial audits, reviews and other engagements of reputable multinational and local organizations. He later served in the finance department of Pak Oman Microfinance Bank Limited.

Mr. Basharat Ullah Khan - Chief Investment Officer

Mr. Basharat Ullah is heading the Fund Management division of AWT Investments. He has extensive experience of 25 years in Pakistani capital markets primarily in the field of investment management and buy/sell side research. He has worked in both asset management and brokerage industry, with 11 years in the mutual fund sector where he headed fund management divisions in two asset management companies- Arif Habib Investments and Askari Investments. In brokerage, he served as head of research, heading the equity desk and also as Chief Executive of a company. He has MSc in Economics.

Mr. Imran Rahim Khan - Fund Manager

Mr. Imran Rahim Khan is a seasoned professional with over 20-years of experience, which were spent in the field of Treasury and Funds Management. During his experience, he had the privilege of working for Prime Commercial Bank Ltd, ABN-AMRO Bank Pakistan, Noman Abid Investment Management Ltd, Pearl Securities Ltd and Pak-Oman Asset Management Company (a joint venture between Pak Oman Investment Company Limited, Oman National Investment Corporation, Bank Muscat and NLC (SRBF), Vector Capital Ltd and now AWT Investment Management Ltd (a joint venture of AWT investments and Pak Brunei Investment Company Ltd). He has a solid working experience in managing both conventional and Islamic Fixed Income/Equity funds. During his professional life and career he had an exposure of Forex market when in Commercial Banks and of equity market when he was Chief Investment Officer in Noman Abid Investments Ltd. Besides he is an MBA in Banking & Finance as well as MA in (Economics) from Karachi University. He has also completed PGD in Islamic Banking & Finance from Shaikh Zayed Islamic Centre University of Karachi and stage III candidate of JAIBP.

Mr. Muhammad Saeed Khalid - Acting Head of Research

Mr. Saeed Khalid is a professional Financial Analyst serving the PIML for more than 2 year. Mr. Saeed is a part qualified ACCA from Association of Chartered Certified Accountants (UK). He is also an M.A. in Economics from University of Karachi. Mr. Saeed has served Shajar Capital Pakistan Pvt. Ltd. for more than 3 years. He has also worked with Admore Gas Pvt. Ltd. as an executive in Risk & Compliance department. He has provided his expertise while working in the leading brokerage houses of Pakistan i.e. Invest Capital Investment Bank Limited and Ismail Iqbal Securities Pvt. Ltd.

Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Asif has over 12 years of Professional experience in Compliance, Audit and Assurance. Prior to joining PIML, he served in Pak Oman Asset Management Company Limited as Compliance Officer. He also worked with Riaz MSB Limited (UK) and Riaz Ahmad, Saqib Gohar & Co (Chartered Accountants). He has done Bachelors in Accounts & Finance from UK.

PIML Income Fund

22.4 Manager of the Fund

Mr. Imran Rahim Khan - Fund Manager

For details, refer note 22.3 above.

22.5 Directors meeting attendances

Following are the dates and name of persons who attended the meeting of the board of directors during the year:

For the year ended 30 June 2018

	Dates meeting attended	26 Sep 17	27 Oct 17	27 Feb 18	27 Apr 18
Name of directors					
Mr. Ahmed Ateeq*	3	1	1	1	N/A
Mr. Salman Haider *	4	1	1	1	1
Lt. General Khalid Rabbani (Retd) *	2	1	1	N/A	N/A
Major General Syed Taqi Naseer Rizvi (Retd) *	2	1	1	N/A	N/A
Mr. Tariq Iqbal Khan *	4	1	1	1	1
Mr. Istaqbal Mehdi*	3	1	1	N/A	1
Lt. General Najib Ullah Khan (Retd.)**	2	N/A	N/A	1	1
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	1
Mr. Malik Riffat Mehmood	0	N/A	N/A	N/A	N/A
Ms. Maleeha Humayun Bangash	0	N/A	N/A	N/A	N/A
Members attended		6	6	4	5

* Mr. Istaqbal Mehdi was appointed on 01 August 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), resigned on 16th January 2018 and 31 January 2018 respectively. Mr. Ahmed Ateeq resigned on 24th April 2018.

** The causal vacancies were then filled through appointment of Lt. General Najib Ullah Khan (Retd.) on 17th January 2018 and Major General Akhtar Iqbal (Retd.) on 1st February 2018.

*** The tenure of the present Board of Directors expired on 30 April 2018 and new Board was elected through election of director in EOGM held on 30 April 2018.

For the year ended 30 June 2017

	Dates meeting attended	09 Aug 16	21 Oct 16	22 Dec 16	24 Feb 17	15-May-17	8-Jun-17
Name of directors							
Mr. Khalid Aziz Mirza	6	1	1	1	1	1	1
Ms. Ayesha Aziz	4	1	1	1	-	1	-
Mr. Zafar Iqbal Sobani	5	1	1	1	1	1	-
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1	-	-
Mr. Ahmed Ateeq	6	1	1	1	1	1	1
Mr. Salman Haider *	2	N/A	N/A	N/A	N/A	1	1
Lt. General Khalid Rabbani (Retd) *	1	N/A	N/A	N/A	N/A	N/A	1
Major General Syed Taqi Naseer Rizvi (Retd) *		N/A	N/A	N/A	N/A	N/A	N/A
Mr. Tariq Iqbal Khan *	1	N/A	N/A	N/A	N/A	N/A	1
Members attended		5	5	5	4	5	5

* Mr. Salman Haider was appointed on 18 April 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), Major General Syed Taqi Naseer Rizvi (Retd) and Mr. Tariq Iqbal Khan were appointed on 17 May 2017.

PIML Income Fund

22.6 Audit Committee meeting attendances

Following are the dates and name of persons who attended the meeting of the audit committee during the year:

For the year ended 30 June 2018

	Dates meeting attended	26 Sep 17	27 Oct 17	27 Feb 18	27 Apr 18
Name of directors					
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Ahmed Ateeq	3	1	1	1	N/A
Major General Syed Taqi Naseer Rizvi (Retd)*	2	1	1	N/A	N/A
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	1
		3	3	2	2

For the year ended 30 June 2017

	Dates meeting attended	09 Aug 16	21 Oct 16	24 Feb 17	15 May 17
Name of directors					
Mr. Khalid Aziz Mirza	4	1	1	1	1
Mr. Zafar Iqbal Sobani	4	1	1	1	1
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1
Members attended		3	3	3	3

22.7 Human resource and remuneration meeting attendances

Following are the date and name of persons who attended the meeting of Human Resource and Remuneration during the year:

For the year ended 30 June 2018

	Dates Meeting attended	17 Oct 17	29 Nov 17
Name of Directors			
Mr. Major General (Retd) Syed Taqi Naseer Rizvi	2	1	1
Mr. Istaqbal Mehdi	2	1	1
Mr. Salman Haider Shaikh	2	1	1
		3	3

For the year ended 30 June 2017

	Dates Meeting attended	22 Dec 16	15 Jun 17
Name of Directors			
Mr. Khalid Aziz Mirza	1	1	N/A
Ms. Ayesha Aziz	1	1	N/A
Mr. Ateeq Ahmed	2	1	1
Major General Syed Taqi Naseer Rizvi (Retd)	1	N/A	1
Mr. Salman Haider	1	N/A	1
		3	3

PIML Income Fund

22.8 Fund and Asset Manager Rating

The Pakistan Credit Rating Agency (PACRA) vide its report dated 30 June 2018 has assigned stability rating of "A+(f)" to the fund.

The JCR VIS Credit Rating Company Limited (JCR VIS) vide its press release dated 15 Decemer 2016 has assigned rating of AM3+ to the Management Company and has placed the Company under 'Rating Watch - Developing' status.

22.9 SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors on 06 July 2018 a final distribution of Rs. 6.25 per unit (for full year). The aggregate cash distribution is Rs. 39.712 million in addition to refund of capital / element of income by issuing 371,966 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP).

The financial statements of the Fund for the year ended 30 June 2018 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on **September 24, 2018**.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

This Page Has Been Intentionally Left Blank

**PIML
DAILY RESERVE FUND**

table of contents

55 Funds' Information

57 Directors' Report to the Unit holders - English

60 Directors' Report to the Unit holders - Urdu

63 Fund Manager's Report

67 Performance Table / Key Financial Data

68 Trustee Report to the Unit Holders

69 Independent Auditors' Report to the Unit Holders

74 Statement of Assets and Liabilities

75 Income Statement

76 Statement of Comprehensive Income

77 Cash Flow Statement

78 Statement of Movement in Unit Holders' Fund

79 Notes to the Financial Statements

FUND'S INFORMATION

Management Company	AWT Investments Limited 3rd Floor, AWT Plaza I.I Chundrigar Road, Karachi	
Board of Directors	Lt. General Najib Ullah Khan (Retd.) Maj. General Akhtar Iqbal (Retd.) Mr. Tariq Iqbal Khan Mr. Malik Riffat Mehmood Ms. Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Director Director Director Director Chief Executive Officer
Chief Financial Officer	Mr. Hamza Saboor	
Company Secretary	Mr. Naveed ul Islam	
Audit Committee	Mr. Tariq Iqbal Khan Maj. General Akhtar Iqbal (Retd.) Mr. Malik Riffat Mehmood	Chairman Member Member
HR Committee	Maj. General Akhtar Iqbal (Retd.) Ms. Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Member Member
Trustee	Central Depository Company of Pakistan Limited DC House, 99B, Block-B, SMCHS, Main Shahra-e-Faisal, Karachi	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi. 75530	
Legal Advisors	Mohsin Tayebaly & Co. 2nd Floor, Dime Centre, BC-4 Block-9, Kehkashan, Clifton, Karachi	
Bankers	Allied Bank Limited Bank Al-Habib Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited United Bank Limited Samba Bank Limited	
Rating	AA(f) by PACRA	

This Page Has Been Intentionally Left Blank

DIRECTORS'
REPORT TO THE UNIT HOLDERS

PIML Daily Reserve Fund

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of AWT Investments Limited the Management Company of **PIML- Daily Reserve Fund** (the Fund), is pleased to present the annual financial statements for the period ended June 30, 2018.

REVIEW OF FUND PERFORMANCE

During FY18 DRF delivered annualized yield of 4.61%, while the benchmark return was 5.33% denoting an underperformance by 72bps.

As on June 30, 2018, Net Assets of the fund stood at PKR 107.89 million, whereas the Net Assets of the fund on June 30, 2017 were PKR 238.62 million translating into YoY decline of 54.79%. On a sequential basis, the Net Assets of the fund on March 31st, 2018 were PKR 115.75 million denoting a decline of 6.80% on a QoQ basis. The weighted average time to maturity of the portfolio stands at 59 days. The fund's Net Asset Value on June 30, 2018 was PKR 84.46.

The Fund was launched on January 01, 2013. The fund falls in the Money Market Fund category and aims to provide its investor with competitive returns while preserving their capital.

Subsequent to the year end, the Board of Directors on 06 July 2018 has approved a final distribution of Rs. 3.53 per unit (for full year). The aggregate cash distribution is Rs. 3.852 million in addition to refund of capital / element of income as by issuing 8,122 additional units to eligible unit holders at zero prices per MUFAP guidelines (duly consented upon by SECP).

Subsequent to the year end, Pak Brunei Investment Company Limited, a related party redeemed its entire holding of 1,246,497 units, value of which at the year end amounted to Rs. 105.279 million (refer note 19.1). Due to this redemption the net assets of the Fund declined below the minimum net asset requirement of Rs. 100 million (this is the requirement of NBFC regulations). Accordingly the management inform the Central Depository Company of Pakistan Limited (the trustee), on 17 August 2018 that after the redemption of Pak Brunei Investment Company Limited (majority unit holder) for the Fund, the fund size of the Fund had reduced down to Rs. 0.4 million. They also informed the trustee that due to this redemption, the Fund is no longer commercially viable and consequently the Board of Directors of AWT Investments Limited have approved the dissolution of PIML Daily Reserve Fund on 26 July 2018. The Trustee also gave their consenting for the winding up of the scheme vide its letter dated 24 August 2018 considering the future commercial non-availability and the interest of its minority unit holders. Similar information has also been given to the Securities and Exchange Commission of Pakistan (SECP) on 29 August 2018 for their approval when the fund size had reduced to Rs. 0.0498 million only.

For the reasons explained above, these financial statements have not been prepared on a going concern basis. However all the assets and liabilities are stated at their realizable and settlement values respectively. In addition, the balance of taxes / duties accruals mentioned in note 12.1 to 12.3 to these financial statements, the same is intended to be transferred to the Trustee for management on their behalf. However these initiatives shall be taken on the approval of the winding up by the SECP.

ECONOMIC OUTLOOK

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

FUND STABILITY RATING

The Fund stability rating 'AA (f)' assigned by The Pakistan Credit Rating Agency Limited (PACRA) to the Fund remains unchanged.

PIML Daily Reserve Fund

MANAGEMENT QUALITY RATING

The JCR-VIS Credit Rating Company Limited has reaffirmed Management Quality Rating of "AM3+" 'with Rating Watch-Developing' to AWT Investments Limited on December 15, 2016. The rating denotes high management quality of the Management Company.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also wish to express gratitude to the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Rawalpindi: September 24, 2018

Chief Executive Officer

Director

پرائس انویسٹمنٹ منجمنٹ لمیٹڈ۔ ڈیلی ری زرو فنڈ
ڈائریکٹرز رپورٹ برائے یونٹ ہولڈرز

AWT انویسٹمنٹس لمیٹڈ۔ پرائس انویسٹمنٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو کہ پرائس انویسٹمنٹ منجمنٹ لمیٹڈ۔ ڈیلی ری زرو فنڈ (فنڈ) کی انتظامی کمپنی ہے، 30 جون 2018 کو اختتام پذیر ہونے والے سال کا سالانہ مالیاتی گوشوارہ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہی ہے۔

فنڈ کی کارکردگی کا جائزہ

جائزہ لیے جانے والے عرصے مالی سال 18 کے دوران فنڈ نے 4.61 فی صد منافع حاصل کیا جب کہ بیچ مارک منافع 5.33 فی صد تھا جو کہ 72 بیسوں کی کمی کا اشارہ کر رہا ہے۔

30 جون 2018 کو فنڈ کے خالص اثاثوں کی مالیت 107.89 ملین پاکستانی روپے تھی جب کہ 30 جون 2017 میں فنڈ کے خالص اثاثوں کی مالیت 238.62 ملین پاکستانی روپے تھی جس سے سال بہ سال 54.79 فی صد تنزیل کا اشارہ ملتا ہے۔ تو اتر کی بنیاد پر 31 مارچ 2018 کو فنڈ کے خالص اثاثوں کی مالیت 115.75 ملین پاکستانی روپے تھی جس سے سرمایہ کی بنیاد پر 6.80 فی صد خسارے کا اشارہ ملتا ہے۔ پورٹ فولیو کی تنجیورنی کا اوسط دورانہ 59 دن رکھا گیا۔ 30 جون 2018 میں فنڈ کے فی یونٹ شرح منافع کی قدر 84.46 روپے تھی۔

پرائس انویسٹمنٹ منجمنٹ لمیٹڈ۔ ڈیلی ری زرو فنڈ کا اجراء 1 جنوری 2013 میں کیا گیا۔ یہ فنڈ منی مارکیٹ فنڈ کی کٹیگری میں شامل کیا گیا اور اس کا مقصد سرمایہ کاروں کو ان کا سرمایہ محفوظ رکھ کر بہترین شرح منافع فراہم کرنا ہے۔

بورڈ آف ڈائریکٹرز نے 6 جولائی 2018 کو (پورے سال کے لیے) 3.53 روپے فی یونٹ کی حتمی تقسیم کا فیصلہ کیا۔ 3.852 ملین کا مجموعی نقد نفع کی واپسی / آمدنی کے جز کی صورت اضافی طور پر ادا کیا گیا جس کا 18,122 اضافی یونٹس، اہل یونٹ ہولڈرز کو MUFAP گائیڈ لائنز کے تحت زیرو پرائس پر جاری کیے گئے۔

مالی سال کے بعد، پاک بروتائی انویسٹمنٹ کمپنی لمیٹڈ، ایک متعلقہ پارٹی نے اپنی تمام 1,246,497 یونٹس کی ہولڈنگ نکال لی۔ جس کی سال کے آخر تک قدر 105.279 ملین (ریٹرنس نوٹ 19.1) تھی۔ اس کے باعث فنڈ کے خالص اثاثوں کی مالیت 100 ملین کے درکار کم از کم اثاثوں سے گھٹ کر کم ہو گئی۔ (یہ لازمی شرط NBFC کے قواعد کے تحت لاگو ہوتی ہے)۔ لہذا اس ضمن میں منجمنٹ نے سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (نرسٹی) کو 17 اگست 2018 کو مطلع کیا کہ پاک بروتائی انویسٹمنٹ کمپنی لمیٹڈ (بڑی تعداد میں فنڈ کے یونٹس کے حامل) کے اخلاء کے بعد فنڈ کا حجم کم ہو کر 0.4 ملین رہ گیا ہے۔ انھوں نے نرسٹیز کو اس سے بھی باخبر کیا کہ اس اخلاء کی وجہ سے فنڈ کا رو باری طور پر قابل عمل نہیں رہا اور ٹیچا AWT انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز نے PIML 26 جولائی 2018 کو ڈیلی ری زرو فنڈ کی تحلیل کی منظوری دے دی۔

نرسٹیز نے اس اسکیم کے خاتمے سے متعلق اپنی رائے شماری کو 24 اگست 2018 کے ایک خط میں بیان کرتے ہوئے مستقبل میں فنڈ کی عدم دستیابی اور اس کے تخلیقی ہونے ہولڈرز کے منافع کے بارے میں تشویش کا اظہار کیا ہے۔ اسی طرح کی معلومات سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کو بھی فراہم کی گئیں۔ 29 اگست 2018 کو جاری کردہ خط میں ان کی منظوری طلب کی گئی جب فنڈ کا حجم کم ہو کر محض 0.0498 ملین رہ گیا۔

مندرجہ بالا وجوہات کی بنیاد پر یہ مالیاتی گوشوارہ ملتے ہوئے کاروبار کی بنیاد پر نہیں تیار کیا گیا ہے۔ بہر حال تمام اثاثے اور قرضہ جات قابل حصول اور کاروبار کے ختم کرنے کی قدر کے اعتبار سے دونوں ہی صورتوں میں موجود ہیں۔ مزید برآں اس مالیاتی گوشوارے میں ٹیکسوں / ڈیوٹیوں کے بارے میں معلومات نوٹ 12.1 سے 12.3 کے مابین درج ہیں۔ اسی طرح کی معلومات کے بارے میں ارادہ ہے کہ نرسٹیز برائے منجمنٹ کو ان کی جانب سے منتقل کر دیا جائے۔ کاروباری خاتمے کے یہ اقدامات اٹھانے کے لیے SECP کی جانب سے منظوری کا انتظار ہے۔

معاشی توقعات

مالی سال 2018 کے دوران، پاکستانی معیشت بیرونی طور پر سنگین بحران اور تنزلی کا شکار نظر آئی۔ موجودہ مالی خسارہ 42.57 فی صد تک جا پہنچا جو 17.99 بلین امریکی ڈالر تھا جب کہ مالی سال 17 میں 12.62 بلین امریکی تھا۔ جب کہ اسی دوران ملکی زرمبادلہ کے ذخائر میں 23 فی صد (5 بلین امریکی ڈالر) کمی ہو کر 16.4 بلین امریکی ڈالر ہو گئی۔ مالی سال 2018 کے دوران، کرنٹ اکاؤنٹ کا خسارہ بہت زیادہ بڑھ گیا اس کی وجوہات میں 36 بلین امریکی ڈالر کا سنگین تجارتی خسارہ شامل ہے۔

مالی سال 18 کے دوران CPI کی اوسط 3.92 فی صد تھی سال بہ سال بمقابلہ مالی سال 17 کے دوران جب یہ اوسط 4.16 فی صد تھی۔ گذشتہ چند مہینوں میں افراط زر کی شرح میں جون کے مقابلے میں 5.21 فی صد اضافہ دیکھنے میں آیا۔ افراط زر کی شرح میں اس اضافے کی وجہ بین الاقوامی تیل کی قیمتوں میں اضافہ اور پاکستانی روپے کی قدر میں کمی ہے۔ حالیہ مہینوں میں افراط زر کی شرح میں اضافہ آئندہ بھی جاری رہنے کی توقع ہے کیوں کہ ملک میں مہنگائی اور ایشیا کی قیمتوں میں اضافہ اس کے دباؤ میں مزید بڑھا دے گا۔ SBP نے پالیسی ریٹ پر تین چوتھی کو جاری رکھا ہے اور مالی سال 18 کے آخری حصے میں دو مرتبہ کل 75 پیسے اضافے کے بعد 6.5 فی صد اضافہ کیا۔ (14 جولائی 2018 میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں مزید 100 پیسوں یعنی 7.5 فی صد کا اضافہ کیا۔

FDI مالی سال 18 میں سال بہ سال 0.76 فی صد نمو حاصل کی جو کہ 2.77 بلین امریکی ڈالر ہوتے ہیں جب کہ اس کے مقابلے میں FDI مالی سال 17 میں 2.75 امریکی ڈالر تھی۔ مالی سال 18 میں اہم ترین سرمایہ کاری (بالخصوص سی پیک کے پروجیکٹس کے لیے) چین کی جانب سے کی گئی جس کا حجم 1.58 بلین امریکی ڈالر تھا، یو کے کی جانب سے 279 بلین امریکی ڈالر، امریکا 92 بلین امریکی ڈالر اور سوئٹزرلینڈ 88 بلین امریکی ڈالر کی سرمایہ کاری کی گئی۔

LSM کے اعداد مالی سال 4QFY18 میں مندی کا اشارہ دے رہے ہیں۔ بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں مندی کا رجحان دیکھنے میں آیا۔ جو مئی 18 ماہ میں 11.64 فی صد تھا۔ LSM کے اعداد شمار میں مندی بالخصوص فرنیچر اور لیڈر پروڈکٹس کے شعبوں میں دیکھنے میں آئی جو مئی 18 میں 1.87 فی صد ماہ بہ ماہ اور 0.33 فی صد ماہ بہ ماہ تھی۔ جب کہ 11MFY18 کی بنیاد پر LSM میں 6 فی صد سال بہ سال کی نمو حاصل کی بمقابلہ 11MFY17 کے۔

فنانس کے استحکام کی ریٹنگ

فنانس کے لیے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے فنانس کی ریٹنگ AA(f) متعین کی گئی جس میں کوئی تبدیلی رونما نہیں ہوئی۔

مہجنت کو الٹی ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے پرائس انویسٹمنٹ مہجنت لمیٹڈ کو 15 دسمبر 2016 میں مہجنت کو الٹی ریٹنگ AM3+ کے علاوہ ریٹنگ واچ ڈیولپنگ سے بھی نوازا ہے۔ یہ ریٹنگ مہجنت کمپنی کی اعلیٰ درجہ کی انتظامی خصوصیات کو ظاہر کرتی ہے۔

اعتماد تحفہ

مہجنت کمپنی کے بورڈ آف ڈائریکٹرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے قابل قدر مدد و معاونت اور ہنرمندی کے لیے ان کے شکر گزار ہیں۔ علاوہ ازیں بورڈ مہجنت کمپنی کے کارکنان اور سٹیز کی لگن اور جفاکشی و محنت پر ان کا تودل سے مشکور ہے۔ بورڈ نے یونٹ ہولڈرز کی جانب سے مہجنت پر بھروسہ کرنے پر ان کا بھی شکریہ ادا کیا۔

راولپنڈی : 24 ستمبر 2018

چیف ایگزیکٹو آفیسر

ڈائریکٹر

This Page Has Been Intentionally Left Blank

**FUND
MANAGER'S REPORT**

FUND MANAGER'S REPORT

- **Category and type of Collective Investment Scheme**

Money Market Scheme/ Open end

- **Objective of Collective Investment Scheme**

The objective of the fund is to generate consistent returns with minimal risk by investing primarily in Government Securities, cash and near cash instruments.

- **Explanation as to whether the Collective Investment Scheme has achieved its stated objectives**

The collective investment scheme achieved its stated objectives.

- **Benchmark(s) relevant to the Collective Investment Scheme**

70% average of 3M PKRV rate plus 30% of 3 months average deposit rate of three scheduled banks rated AA as selected by MUFAP Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Months	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Fund	4.02%	6.87%	3.90%	4.36%	4.15%	3.98%	4.15%	4.25%	4.39%	4.51%	4.36%	5.54%
BM	5.19%	5.17%	5.17%	5.65%	5.20%	5.22%	5.22%	5.37%	5.47%	5.55%	5.65%	5.91%
Diff	-1.18%	1.71%	-1.27%	-1.29%	-1.04%	-1.25%	-1.07%	-1.12%	-1.08%	-1.03%	-1.29%	-0.37%

- **Strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

During FY18 DRF delivered annualized yield of 4.61%, while the benchmark return was 5.33% denoting an underperformance by 72bps.

As on June 30, 2018, Net Assets of the fund stood at PKR 107.89 million, whereas the Net Assets of the fund on June 30, 2017 were PKR 238.62 million translating into YoY decline of 54.79%. The weighted average time to maturity of the portfolio stands at 59 days. The fund's Net Asset Value on June 30, 2018 was PKR 84.46.

During the period, SBP raised the policy rate by 75 bps to 6.50%. As of yearend, the fund was fully invested in 3 months TBILLS as compared to 62.52% of the net assets of previous year. Going forward, we are expecting the policy rate for the FY 19 may be raised by 100- 200bps in the upcoming monetary policies.

- **Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Portfolio Allocation	Jun-18	Jun-17
Placements with DFIs	-	-
T-Bills	97.68%	59.52%
Cash at Bank	0.59%	39.52%
Others including receivables	1.73%	0.96%
Total	100.00%	100.00%

• **Collective Investment Scheme's performance**

	Fund
Sharpe Ratio*	-6.93
Information Ratio	0.167
Standard Deviation*	0.31%
Weighted Avg Maturity	59

*Annualized

• **Changes in total NAV and NAV per unit since the last review period**

	FY18	FY17
Net Assets PKR Mn	107.89	238.62
NAV/unit (PKR)	84.46	80.74

• **Investment Markets**

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

• **Distribution made out of Collective Investment Scheme**

Distribution	
Income distribution was made by the Fund was Rs. 3.53 per unit on July 06, 2018 for FY18	
NAV per unit as on	
Cum - NAV (PKR)	84.46
Ex - NAV (PKR)	80.93

PIML Daily Reserve Fund

-
-
- **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in the state of affairs during the year under review except as disclosed in financial statements.

- **Breakdown of unit holdings by size**

Range of Shares	
0.0001 - 9,999.9999	63
10,000.0000 - 49,999.9999	1
50,000.0000 - 99,999.9999	-
100,000.0000 - 499,999.9999	-
500,000.0000 & Above	1
Total	65

- **Circumstances that materially affect any interest of the unit holders**
Investment is subject to market risk.
- **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme, disclosure of the following:-**

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

PERFORMANCE TABLE / KEY FINANCIAL DATA

Key Financial Data	Description	(Rs in '000')				
		Years				
		2018	2017	2016	2015	2014
Net Assets		107,895	238,621	1,599,483	1,228,478	3,000,852
Net Income		5,261	(63,828)	76,315	35,245	419,760
Total return of the Fund		4.61	6.16	6.00	9.58	8.91
Total dividend distribution		3.53	0.00	29.60	10.19	8.65
Capital Growth		1.08	6.16	(23.60)	-0.61	0.26
Average Annual Return						
One Year - in percentage		4.61%	6.16%	6.00%	9.58%	8.91%
Two Year - in percentage		5.39%	6.08%	7.79%	9.25%	9.39%
Three Year - in percentage		5.59%	7.25%	8.16%	9.45%	n/a
Net assets value per unit - Rupees		84.46	80.74	105.47	101.38	100.18
Highest offer price per unit *		84.46	106.13	105.46	0.00	102.17
Lowest offer price per unit *		80.75	76.54	100.35	0.00	100.03
Year-end offer price per unit *		84.46	80.74	105.47	101.38	100.18
Highest repurchase price per unit *		84.46	106.13	105.46	0.00	102.17
Lowest repurchase price per unit *		80.75	76.54	100.35	0.00	100.03
Year-end repurchase price per unit *		84.46	80.74	105.47	101.38	100.18
Final distribution per unit		3.53	-	29.60	1.91	0.23
Announcement date		6/Jul/18	-	9-Aug-16	18-Aug-15	24-Jul-14
First Interim distribution per unit		-	-	-	8.28	0.61
Announcement date		-	-	-	21-Apr-15	30-Jul-13
Second Interim distribution per unit		-	-	-	-	0.7162
Announcement date		-	-	-	-	29-Aug-13
Third Interim distribution per unit		-	-	-	-	0.1000
Announcement date		-	-	-	-	30-Sep-13
Fourth Interim distribution per unit		-	-	-	-	1.2883
Announcement date		-	-	-	-	30-Oct-13
Fifth Interim distribution per unit		-	-	-	-	0.3931
Announcement date		-	-	-	-	2-Dec-13
Sixth Interim distribution per unit		-	-	-	-	0.9762
Announcement date		-	-	-	-	30-Dec-14
Seventh Interim distribution per unit		-	-	-	-	0.7992
Announcement date		-	-	-	-	30-Jan-14
Eighth Interim distribution per unit		-	-	-	-	0.7102
Announcement date		-	-	-	-	28-Feb-14
Ninth Interim distribution per unit		-	-	-	-	0.6672
Announcement date		-	-	-	-	28-Mar-14
Tenth Interim distribution per unit		-	-	-	-	0.01
Announcement date		-	-	-	-	30-Apr-14
Eleventh Interim distribution per unit		-	-	-	-	0.01
Announcement date		-	-	-	-	29-May-14
Twelfth Interim distribution per unit		-	-	-	-	2.14
Announcement date		-	-	-	-	25-Jun-14
Total Distribution as % of par value		3.53	-	29.60	10.19	8.65
Number of units in issue - Number		1,277,506	2,955,511	15,165,713	12,117,316	29,954,443

Notes:

- PRIMUS DAILY RESERVE FUND was launched on January 01, 2013.

* Past performance is not necessarily indicative of future performance and that certificate prices and investment returns may go down, as well as up.

**TRUSTEE REPORT TO THE UNIT HOLDERS
PIML DAILY RESERVE FUND**

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 PRIMUS Investment Management Limited - Daily Reserve Fund (the Fund) are of the opinion that AWT Investments Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 28, 2018

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the annexed financial statements of **PIML Daily Reserve Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, income statement, statement of comprehensive income, statement of movement in unit holders' fund, cash flowstatement for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 1.7 to the financial statements which more fully explains the fact that subsequent to the year end, net assets of the Fund had reduced to Rs. 0.0498 million, which is below the minimum net asset requirement of Rs. 100 million under the Non - Banking Finance Companies and Notified Entities Regulations, 2008. The above referred note also mentions that the Board of Directors of the management company on 26 July 2018 have approved the dissolution of the Fund subject to the regulatory approvals. The Trustees have given their consent for the winding up of the scheme and the Securities and Exchange Commission of Pakistan have stipulated certain steps to be followed by the management company. The balances relating to taxes/duty are intended to be transferred to the Trustees for management at their end after discussions with them. Accordingly for these reasons, the annexed financial statements have not been prepared on going concern basis.

Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Valuation of Investment</p> <p>Refer to note 6 to the financial statements for the details of investment and the accounting policy in note 4.3 to the financial statements.</p> <p>At 30 June 2018, the Fund had investment in a government security of Rs. 113.747 million classified as at "Fair value through income statement". It represents 105.42% of the net assets value of the Fundas of that date.</p> <p>We identified the valuation of investment as a key audit matter because of its significance in relation to the net asset value of the Fund.</p>	<p>Our audit procedures to assess the valuation of investment included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investment; and • assessed whether the investment was valued at fair value based on the rate quoted by Mutual Fund Association of Pakistan (MUFAP) as at 30 June 2018.

S. No	Key Audit Matter	How the matter was addressed in our audit
2.	<p>Amendments to the NBFC Regulations, 2008</p> <p>Refer to note 4.1 to the accompanying financial statements with respect to element of income.</p> <p>The amendments to NBFC Regulations, 2008 brought through SRO 756(I)/2017 dated 03 August 2017 issued by Securities and Exchange Commission of Pakistan (SECP), have necessitated changes in accounting policies with respect to the recording of element of income / loss on net basis from income statement to unit holders' fund directly and consideration of Income already paid on units redeemed as dividend. The said SRO also required certain presentation changes. The fund has applied these changes with effect from 1 July 2017.</p> <p>We identified the said changes as a key audit matter because application of these changes involved complex calculations and judgment in respect of determination of income already paid on units redeemed (element of income), distribution and refund of capital (element of income) to conform with methodology specified by MUFAP for such calculations.</p>	<p>Our audit procedures in respect of change in accounting policies due to amendments in NBFC Regulations 2008 included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and operating effectiveness of controls in place for estimation of income already paid on units redeemed (element of income), distribution and refund of capital (element of income). • Testing, on sample basis, that income already paid on units redeemed (element of income), distribution and refund of capital (element of income) have been determined as per methodology specified by MUFAP in the consultation with SECP. • Assessing the adequacy of disclosures made with respect to change in accounting policies and the requirements of NBFC Regulations, 2008.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended 30 June 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 29 September 2017.

The engagement partner responsible for the audit resulting in this independent auditor's report is Aryn Pirani.

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

This Page Has Been Intentionally Left Blank

FINANCIAL STATEMENTS

PIML Daily Reserve Fund

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2018**

	Note	2018 (Rupees in '000)	2017
Assets			
Bank balances	5	691	99,367
Investments	6	113,747	149,191
Preliminary and floatation cost	7	-	201
Prepayment and other receivables	8	2,015	1,885
Total assets		116,453	250,644
Liabilities			
Payable to the Management Company	9	71	213
Remuneration payable to the Trustee	10	14	32
Annual fee payable to Securities and Exchange Commission of Pakistan	11	92	424
Accrued expenses and other liabilities	12	8,381	11,352
Total liabilities		8,558	12,021
Contingency and commitment	13		
Net assets		107,895	238,623
Unit holders' fund		107,895	238,623
		(Number)	
Number of units in issue		1,277,506	2,955,511
		(Rupees)	
Net assets value per unit		84.46	80.74

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 (Rupees in '000)	2017
Income			
Return / mark-up on:			
- Bank balances		4,935	14,723
- Letter of placements		-	2,500
- Government securities		2,723	17,731
Gain / (loss) on sale of held for trading investments - net		3	(205)
Unrealised (loss) on revaluation of held for trading investments - net		(2)	(8)
		7,659	34,741
Expenses			
Remuneration of the Management Company	9.1	971	3,814
Sindh sales tax on Management Company's remuneration	12.3	126	496
Remuneration to the Trustee	10	184	825
Sindh sales tax on Trustee's remuneration		24	107
Annual fee to the Securities and Exchange Commission of Pakistan	11	92	424
Amortization of preliminary and floatation costs	7	201	397
Auditors' remuneration	15	262	272
Annual listing fee		28	50
Brokerage and settlement charges		29	65
Stability rating fee		301	273
Printing, stationery and postage		73	25
Total expenses		2,291	6,748
Net income from operating activities		5,368	27,993
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		-	(99,501)
Reversal of provision of Workers' Welfare Fund	12.1	-	9,287
Provision for Sindh Workers' Welfare Fund	12.1	(107)	(1,605)
Net income / (loss) for the year before taxation		5,261	(63,826)
Taxation	17	-	-
Net income / (loss) for the year after taxation		5,261	(63,826)
Allocation of net income for the year			
Net income for the year after taxation		5,261	-
Income already paid on units redeemed		(1,203)	-
		4,058	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		4,058	-
		4,058	-

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Daily Reserve Fund

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
	(Rupees in '000)	
Net income / (loss) for the year after taxation	5,261	(63,826)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	5,261	(63,826)

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year before taxation	5,261	(63,826)
Adjustments for:		
Return / mark-up on:		
- Bank balances	(4,935)	(14,723)
- Letter of placements	-	(2,500)
- Government securities	(2,723)	(17,731)
Gain on sale of held for trading investments - net	(3)	-
Unrealized loss on revaluation of held for trading investments - net	2	8
Provision for Sindh Worker's Welfare Fund	107	1,605
Reversal of provision of Worker's Welfare Fund	-	(9,287)
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	-	99,501
Amortization of preliminary and floatation costs	201	397
	<u>(2,090)</u>	<u>(6,556)</u>
Decrease / (increase) in assets		
Investments-net	<u>38,165</u>	314,951
Prepayment and other receivable	<u>(161)</u>	306,562
	38,004	621,513
Return / mark-up received on:		
- Bank balances	<u>4,968</u>	14,525
- Letter of placements	<u>-</u>	4,931
	4,968	19,456
Decrease in liabilities		
Payable to the Management Company	<u>(142)</u>	(102)
Remuneration payable to the Trustee	<u>(18)</u>	(67)
Annual fee payable to the Securities and Exchange Commission of Pakistan	<u>(332)</u>	(395)
Accrued expenses and other liabilities	<u>(3,078)</u>	(1,193,332)
	<u>(3,570)</u>	<u>(1,193,896)</u>
Net cash flows from operating activities	37,312	(559,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	<u>147,831</u>	2,583,278
Amount paid on redemption of units	<u>(283,819)</u>	(3,903,798)
Dividend paid	<u>-</u>	(76,015)
Net cash flows from financing activities	(135,988)	(1,396,535)
Net decrease in cash and cash equivalents	(98,676)	(1,956,018)
Cash and cash equivalents at beginning of the year	<u>99,367</u>	2,055,385
Cash and cash equivalents at end of the year	<u>691</u>	<u>99,367</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Daily Reserve Fund

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2018

	2018			2017		
	Value	Undistributed income	Total	Value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	295,573	(56,951)	238,622	1,516,593	82,890	1,599,483
Issuance of 1,802,727 units (2017: 33,003,846)						
Capital value	145,550	-	145,550			
Element of income	2,281	-	2,281			
Amount received on issuance of units	147,831		147,831	3,300,385	(717,108)	2,583,278
Redemption of 3,480,732 units (2017: 45,214,048)						
Capital value	(281,034)	-	(281,034)			
Element of income						
- Income already paid	-	(1,203)	(1,203)			
- Refund / adjustment on units	(1,582)	-	(1,582)			
Amount paid on redemption of units	(282,616)	(1,203)	(283,819)	(4,521,405)	617,607	(3,903,798)
Final distribution for the year ended 30 June 2018 : Nil [30 June 2017: Rs. 29.60 per unit (Date of distribution: 10 August 2016)]						
- Cash distribution	-	-	-	-	(76,015)	(76,015)
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net	-	-	-	-	99,501	99,501
Total comprehensive income for the year	-	5,261	5,261	-	(63,826)	(63,826)
Net assets as at end of the year	160,788	(52,893)	107,895	295,573	(56,951)	238,623
Undistributed (loss) / income brought forward:						
- Realized (loss) / gain		(56,943)			82,803	
- Unrealized (loss) / gain		(8)			87	
		(56,951)			82,890	
Accounting income available for distribution:						
Relating to capital gains		-				
Excluding capital gains		4,058				
		4,058			(63,826)	
Final distribution for the year ended 30 June 2018 : Nil [30 June 2017: Rs. 29.60 per unit (Date of distribution: 10 August 2016)]						
- Cash distribution		-			(76,015)	
Undistributed loss at end of the year		(52,893)			(56,951)	
Undistributed loss carried forward						
- Realized loss		(52,891)			(56,943)	
- Unrealized loss		(2)			(8)	
		(52,893)			(56,951)	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year			80.74			105.47
Net assets value per unit at end of the year			84.46			80.74

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 PIML Daily Reserve Fund (formerly Primus Daily Reserve Fund) ("the Fund") has been established under a Trust Deed, dated October 15, 2012, between AWT Investments Management Limited as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Securities and Exchange Commission of Pakistan (SECP) registered the Fund as a Notified Entity on 16 November 2012, under Regulations 44 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (Establishment and Regulation) Rules.

1.2 On 26 July 2017, Securities and Exchange Commission of Pakistan gave its approval for the change of the name of the Management Company from Primus Investment Management Limited to AWT Investments Limited. The change was made pursuant to the acquisition 70% shares of the Management Company by Army Welfare Trust (AWT).

Subsequent to the year end 2nd August 2018 AWT acquired further 30% shares of the Management Company.

1.3 The Management Company of the Fund has been licensed by Securities and Exchange Commission of Pakistan (SECP) to undertake asset Management Services and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Registered office of the Management Company is situated at 3rd Floor, AWT Plaza, I.I Chandrigarh Road, Karachi.

1.4 The Fund is open-ended fund and listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on continuous basis and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund aims to generate reasonable returns consistent with low risk from a portfolio constituted of high quality short and long term debt instruments including cash deposits and government securities.

The scheme is permitted to invest in government securities and cash at bank (excluding term deposits) upto 100% with no minimum limit, Pakistan Investment Bonds having remaining maturity of less than six months (maximum limit of 90% with no minimum limit), term deposit receipts, money market instruments, reverse repo against government securities with banks, DFIs and NBFCs (maximum 50% with no minimum limit). The scheme can also invest outside Pakistan subject to approval of SECP (maximum limit being 30% or cap of USD 15 million with no minimum limit).

1.5 Pakistan Credit Rating Agency assigned 'AA(f)' rating to the Fund vide its report dated 14 July 2017 based on the performance review of financial year ended 30 June 2018 (30 June 2017: 'AA(f)').

1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

1.7 Subsequent to the year end, Pak Brunei Investment Company Limited, a related party, redeemed its entire holding of 1,246,497 units, value of which at the year end amounted to Rs. 105.279 million (refer note 19.1). Due to this redemption the net assets of the Fund declined below the minimum net asset requirement of Rs. 100 million (being the requirement of NBFC regulations). Accordingly the management informed the Central Depository Company of Pakistan Limited (the trustees), on 17 August 2018 that after the redemption of Pak Brunei Investment Company Limited (majority unitholders) of the Fund, the fund size of the Fund had reduced to Rs. 0.4 million only. They also informed the trustees that due to this redemption, the Fund is no longer commercially viable and consequently the Board of Directors of AWT Investments Limited on 26 July 2018 have approved the dissolution of PIML Daily Reserve Fund subject to regulatory approvals. The Trustees also gave their consent for the winding up of the scheme vide its letter dated 24 August 2018 considering the future commercial non-availability and the interest of its minority unitholders. Similar information have also been given to the Securities and Exchange Commission of Pakistan (SECP) on 29 August 2018 when the fund size had reduced to Rs. 0.0498 million only. SECP (Commission) vide its response dated 07 September 2018 mentioned that the management company's request for a waiver for the publication of the notice of revocation in the newspapers (as required under the regulation 45A(2) of the NBFC & NE Regulations, 2008), has been acceded subject to certain conditions, including the following:

(i) The AMC shall send letters to all the existing unitholder through TCS informing them about the revocation of the scheme;

(ii) AMC shall submit a compliance report to the Commission upon the completion of the revocation procedure; and

(iii) The AMC shall undertake that if any claim arises subsequently, such claims shall be fulfilled by the AMC.

For the reasons explained above, these financial statements have not been prepared on a going concern basis. However all the assets and liabilities are stated at their realizable and settlement values respectively. Besides the balance of taxes / duties mentioned in notes 12.1 to 12.3 and income tax recoverable amounting to Rs. 1.848 million to these financial statements, are intended to be transferred to the Trustees for their management discussions with whom are in process. Subsequent to the year end on 10 September 2018, the net assets of the Fund were Rs. 0.0498 million only.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Basis of measurement

As mentioned in note 1.7, since these financial statements have not been prepared under the going concern basis, all the assets and liabilities are stated at net realizable / settlement values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand rupees, except otherwise stated.

2.4 Use of judgments and estimates

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 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 the application of accounting policies are given below:

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in Note 4.3 regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ending 30 June 2018 is included in the following notes:

- Notes 4.3.1 and 4.3.2 - Valuation of investments
- Notes 4.12 and 4.15 - Impairment of financial instruments and other assets
- Notes 12.1, 12.2 and 12.3 - Recognition of provision for Sindh Workers' Welfare Fund, Federal Excise Duty and Sindh Sales tax on Federal Exercise Duty respectively
- Notes 4.9 and 18 - Taxation

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not likely to have an impact on the Fund's financial statements. IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company premeasures its previously held interest in a joint operation when it obtains control of the business. A company does not premeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Fund's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to periods presented except for the change in accounting policy for element of income (refer note 4.1).

New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.1 Element of income / (loss)

Up to 30 June 2017, 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 accounting period is recognized in income statement on net basis 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 on net basis.

Securities & Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". As per SRO, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. It also specifies that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to "Income Statement" (relating to allocation of net income for the year) and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed directly in the Statement of movements in unit holders' fund instead of the income statement. "MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated. Had the element of income been recognised as per the previous accounting policy, income of the Fund would have been higher by Rs. 0.685 million net off charge for SWWF in respect of element of income and consequently NAV per unit would have been lower by Rs. 0.0109.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity period of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.3 Investments

4.3.1 All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the Income Statement.

4.3.2 The Fund classifies its investments in Financial asset at fair value through income statement: This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through income statement upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through income statement upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

4.3.3 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

4.4 Deferred formation cost

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of five years i.e. effective from 4 March 2014.

4.5 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 that day. 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.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors 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.

4.6 Net assets value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.7 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investment classified as at fair value through income statement is included in the income statements in the period in which it arises.
- Profit on bank balances and debt securities are recognised at effective profit rates based on a time proportion basis.

4.8 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.9 Taxation

The income of the Fund is exempt from Income Tax under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its 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.

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.

4.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund ceases to be a party to such contractual provisions of the instrument, that is, when the rights to receive cash flows have expired, balance has been realised or when the Fund has transferred substantially all the risk and rewards incidental to ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or when it has expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

PIML Daily Reserve Fund

All financial assets are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, financial assets (other than investments mentioned in note 4.2 above) comprising of loans and receivables (representing non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) are carried at amortised cost. However, these are estimated to approximate to its fair value.

Financial liabilities are initially recognised at fair value and subsequently stated at amortised cost, which is also estimated to approximate to its fair value.

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Impairment

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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

4.13 Dividend distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

4.14 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.15 Other assets

Other assets are stated at cost less impairment losses, if any.

4.16 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.

5. BANK BALANCES

	<i>Note</i>	2018	2017
(Rupees in '000)			
Balances with banks in:			
- Profit and loss sharing accounts	5.1	<u>691</u>	<u>99,367</u>
		<u>691</u>	<u>99,367</u>

5.1 These accounts carry profit rates ranging from 6.0% to 6.50 % (2017: 4% to 7%) per annum.

6. INVESTMENTS

At fair value through income statement - held for trading

Government securities	6.1	<u>113,747</u>	<u>149,191</u>
-----------------------	-----	-----------------------	----------------

PIML Daily Reserve Fund

6.1 Government securities - Market Treasury Bills

At fair value through income statement - held for trading

Issue date	Tenor	Face value			Market value as at 30 June 2018	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at 01 July 2017	Purchases during the year	Sales / matured during the year			
------(Rupees In '000)-----					------(%)-----		
11-May-17	3 Months	150,000	-	150,000	-	-	-
6-Jul-17	3 Months	-	40,000	40,000	-	-	-
6-Jul-17	3 Months	-	50,000	50,000	-	-	-
1-Feb-18	3 Months	-	100,000	100,000	-	-	-
26-Apr-18	3 Months	-	115,000	115,000	-	-	-
7-Jun-18	3 Months	-	115,000	-	115,000	100	105.42
		<u>150,000</u>	<u>420,000</u>	<u>455,000</u>	<u>115,000</u>	<u>100</u>	<u>105.42</u>

Carrying value before fair value adjustment as at 30 June 2018

113,749

Cost of held for trading investments as at 30 June 2018

113,248

Cost of held for trading investments as at 30 June 2017

149,199

6.2 Investment held as of the year end, due for maturity on 30 August 2018, was disposed of by the Fund prior to that date in order to honor the redemption request as more fully explained in note 1.7 to these financial statements.

7. PRELIMINARY AND FLOATATION COSTS

Note

2018

2017

(Rupees in '000)

As at 01 July 2017

201

598

Amortised to the income statement during the year

(201)

(397)

As at 30 June 2018

7.1

-

201

7.1 As per the offering document expenses incurred in connection with the establishment and registration of the Scheme including execution and registration of the Constitutive Document(s), issue, legal costs, printing, circulation and publication of the Constitutive Document(s) and Offering Document(s), announcements describing the Scheme and all expenses incurred during the Initial Period shall be borne by the Management Company and shall be immediately reimbursable by the Scheme, subject to the audit of the expenses. The said formation cost shall be amortized by the Scheme over a period of not less than five years or any other period as specified by the SECP. Accordingly, these expenses were being amortised over five years period beginning 17 February 2014.

8. PREPAYMENT AND OTHER RECEIVABLES

Note

2018

2017

(Rupees in '000)

Return / markup receivable on bank balances

167

198

Income tax recoverable

8.1

1,848

1,561

Prepaid listing

-

126

2,015

1,885

8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under sections 150A, 151 and 233 of ITO 2001. However, the Federal Board of Revenue has made it mandatory to obtain exemption certificates under section 159(1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the year the Fund got the exemption certificate. Prior to receiving tax exemption certificate(s) from CIR, various withholding agents had deducted advance tax under ITO 2001. The management is confident that the same shall be refunded to the Fund.

9. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company

9.1

71

213

PIML Daily Reserve Fund

9.2 Under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, fees and expenses for registrar services, accounting, operation and valuation services relating to the Fund up to a maximum of 0.1% of the average annual net assets of the Scheme or actual expense, whichever is less, shall be payable by the Fund to the Management Company.

However, above mentioned expenses are not being charged by the Management Company to the Fund to protect the interest of the unit holders of the Fund. Above expenses, had it been charged to the Fund, would not have been material.

10. REMUNERATION PAYABLE TO THE TRUSTEE

Central Depository Company of Pakistan Limited (The Trustee) is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

- up to rupees one billion 0.17% per annum of net assets subject to a minimum of Rs 0.6 million.
- 1 billion to 5 billion Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1 billion.
- Over 5 billion Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5 billion.

	2018	2017
	(Rupees in '000)	
Details of the movement in the balance payable to the trustee is as follows.		
As at 1 July	32	90
Remuneration for the year	184	107
Paid during the year	(202)	(165)
As at 30 June	14	32

11. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.075% per annum of the average daily net assets of the Fund in accordance with the regulation 62 of the NBFC Regulation 2008.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2018	2017
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	12.1	1,711	1,604
Federal Excise Duty payable on Management Company's remuneration	12.2	5,793	5,793
Sindh Sales Tax payable on Management Company's remuneration	12.3	395	413
Sindh sales tax payable on Trustee remuneration		2	4
Auditors' remuneration payable		181	190
Brokerage payable		-	6
Other payable		299	3,342
		8,381	11,352

12.1 Provision for Sindh Workers Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions(Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

The total provision for SWWF till 30 June 2018 is Rs. 1.711 million (30 June 2017: Rs. 1.604 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 1.34 per unit (30 June 2017: Rs 0.54 per unit).

Furthermore on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition with the SCP against the said judgment, which is pending hearing. While the petitions filed by the Collective Investment Schemes (CISs) on the matter are still pending before the Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Pursuant to above MUFAP recommended that the entire provision of Rs. 9.287 million against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017.

PIML Daily Reserve Fund

- 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 04 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. This amount is payable to the Management Company for onward payment to the government.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained provision for FED amounting to Rs. 5.793 million. Had the provision not been made, NAV per unit of the Fund as at June 30, 2018 would have been higher by Rs. 4.53 per unit (June 2017: 1.96 per unit).

In addition, FED of Rs. 0.63 million for the period from 01 July 2013 to 31 August 2013 has been paid to the Management Company who is maintaining this balance with them.

- 12.3** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2017: 13%) on Management Company's remuneration. Above liability includes Rs. 385,510 (30 June 2017: Rs. 385,510) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 12.2 above. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 0.30 (30 June 2017: Re. 0.13) per unit. This amount is payable to the management company for onwards payment to the Government.

13. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the year end except as those mentioned else where in these financial statements.

14. UNIT HOLDERS FUND AND NUMBER OF UNITS IN ISSUE

	2018	2017
	(Number)	
As at 01 July	2,955,511	15,165,715
Issued during the year	1,802,727	33,003,846
Redemptions during the year	3,480,732	45,214,048
As at 30 June	1,277,506	2,955,513

15. AUDITORS' REMUNERATION

	2018	2017
	(Rupees in '000)	
Annual audit fee	138	138
Fee for the review of half yearly financial statements	69	69
Fee for Income Certification	22	-
Fee for the review of statement of compliance with the best practices of Code of Corporate Governance	-	23
Out of pocket expenses (including government levy)	33	43
	262	272

16. TOTAL EXPENSE RATIO

Total expense ratio (comprising of all the expenses, including the government levies, incurred during the year divided by average net asset value for the year) is 1.95% per annum. Total expense ratio (excluding government levies) is 1.67% per annum. As per the NBFC Regulations, 2008 total expense ratio of the Money Market Scheme shall be capped upto 2% (excluding the government levies).

17. TAXATION

The income of the Fund is exempt from income tax under 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 to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 4.13) explained above, no provision for taxation has been made in these financial statements. The Management Company on 06 July 2018 (refer note 21.8.1) has declared distribution 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.

PIML Daily Reserve Fund

18. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	----- (Rupees In '000) -----		
Opening balance as at 1 July 2017	-	-	-
Receivable against issuance of units	147,831	-	147,831
Payable against redemption of units	-	(283,819)	(283,819)
	147,831	(283,819)	(135,988)
Amount received on issuance of units	(147,831)	-	(147,831)
Amount paid on redemption of units	-	283,819	283,819
	(147,831)	283,819	135,988
Closing balance as at 30 June 2018	-	-	-

19. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include AWT Investments Limited being the Management Company, Central Depository Company of Pakistan Limited being the trustee, Army Welfare Trust which is the parent entity of the Management Company, Pak Brunei Investment Company Limited which is the associated company of the Management Company, other funds managed by the Management Company, associated companies (if any) of the management company / parent entity of the management company, entities in which the above parties or their connected persons have a material interest, Key Management Personnel and includes entities holding 10% or more units of the Fund as at 30 June 2018. It also includes the staff retirement benefit funds of the above related parties / connected persons. Details of the transactions and balances with the related parties / connected persons, other than those which has been disclosed elsewhere are as follows:

19.1 Details of balances with related parties / connected persons as at year end

	Note	2018 (Rupees in '000)	2017
AWT Investments Limited- Management company			
Remuneration payable to the Management Company	9	71	213
Units held - 23,483 units (2017: Nil units) (representing 1.84% of the net assets as of 30 June 2018)	19.5	1,983	-
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable to the Trustee	10	14	32
Pak Brunei Investment Company Limited - Associated Company			
Units held 1,246,497 units (2017: Nil units) (representing 97.58% of the net assets as of 30 June 2018)	19.5	105,279	-
Ten percent or more holding			
Units held - Nil units (2017: 2,404,604 units)	19.5	-	194,148
Key Management Personnel - Directors and Officers of the Management Company and their relatives			
Units held - Nil units (2017: 2 units)	19.5	-	0.19

PIML Daily Reserve Fund

	Note	2018	2017
		(Rupees in '000)	
19.2 Details of transactions with related parties / connected persons during the year			
AWT Investments Limited - Management Company			
Remuneration of the Management Company	9.1	<u>971</u>	<u>3,814</u>
Issuance of 124,194 units (2017: 1,666,312 units)		<u>10,032</u>	<u>129,689</u>
Redemption of 100,711 units (2017: 1,666,312 units)		<u>8,500</u>	<u>130,828</u>
Primus Investment Management Limited - Staff Provident Fund			
Issuance of 9,524 units (2017: 15,463 units)		<u>804</u>	<u>1,196</u>
Redemption of 9,524 units (2017: 33,288 units)		<u>804</u>	<u>2,576</u>
Dividend paid during the period		<u>-</u>	<u>528</u>
Pak Brunei Investment Company Limited - Associated Company			
Issuance of 1,246,497 units (2017: 18,740,138 units)		<u>101,339</u>	<u>1,443,132</u>
Redemption of Nil units (2017: 28,630,796 units)		<u>-</u>	<u>2,435,227</u>
Placements entered during the period		<u>-</u>	<u>150,000</u>
Placements matured during the period		<u>-</u>	<u>300,000</u>
Mark-up earned on placements during the period		<u>-</u>	<u>2,500</u>
Mark-up on placements received during the period		<u>-</u>	<u>4,931</u>
Dividend paid during the period		<u>-</u>	<u>57,509</u>
Purchase of investments in market treasury bills		<u>-</u>	<u>1,299,091</u>
Pak Brunei Investment Company Limited - Staff Gratuity Fund			
Issuance of Nil units (2017: 7,220 units)		<u>-</u>	<u>553</u>
Redemption of Nil units (2017: 25,887 units)		<u>-</u>	<u>1,982</u>
Dividend paid during the period		<u>-</u>	<u>553</u>
Pak Brunei Investment Company Limited - Employee Provident Fund			
Issuance of Nil units (2017: 4,709 units)		<u>-</u>	<u>360</u>
Redemption of Nil units (2017: 16,881 units)		<u>-</u>	<u>1,292</u>
Dividend paid during the period		<u>-</u>	<u>360</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration of the Trustee	10	<u>184</u>	<u>825</u>
Unit holders holding 10% or more of unit in issue			
Issuance of Nil units (2017: 6,023,549 units)		<u>-</u>	<u>464,337</u>
Redemption of Nil units (2017: 6,712,141 units)		<u>-</u>	<u>618,598</u>

19.3 Remuneration payable to the Management Company and the Trustee has been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

19.4 Purchase and redemption of units of the Fund by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

19.5 This reflects the position of related party / connected person status as of 30 June 2018.

20 FINANCIAL RISK MANAGEMENT

The Fund has exposure to following risks from financial instruments:

- credit risk (Refer note 21.1)
- liquidity risk (Refer note 21.2)
- market risk (Refer note 21.3)

Risk management framework

The Board of directors of the Management Company has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on the limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how the management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

20.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of securities and security deposits.

The carrying amount of financial assets represents the maximum credit exposure.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at 30 June was as follows:

	2018		2017	
	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure
	----- (Rupees in '000) -----			
Bank balances (including profit due)	858	858	99,565	99,565
Investments	113,747	-	149,191	149,191
	114,605	858	248,756	248,756

PIML Daily Reserve Fund

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in government securities of Rs 113,747,190 (2017: Rs. 149,191,000) do not carry credit risk.

Bank balances

The Fund's cash and cash equivalents at 30 June 2018 with banks having following credit ratings:

Ratings	2018	2017	2018	2017
	(Rupees in '000)		(%)	(%)
A1+	13	99,381	1.52	99.81
A-1+	321	184	37.46	0.19
A-1	524	60	61.01	0.06
Total balance including profit due	<u>858</u>	<u>99,565</u>	<u>100</u>	<u>100</u>

Above ratings are on the basis of available ratings assigned by PACRA and JCR-VIS.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affects the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2018		2017	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	858	100	99,565	100
	<u>858</u>	<u>100</u>	<u>99,565</u>	<u>100</u>

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2018. All financial assets of the Fund as at 30 June 2018 are unsecured.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments and other financial instruments that are traded in an active market and can be readily disposed. As a result, the Fund may be able to liquidate quickly its investment in these instruments at an amount close to their fair value to meet its liquidity requirement. Currently all financial assets of the Fund are held in Bank accounts.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the period. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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.

PIML Daily Reserve Fund

Exposure to interest rate risk

Interest rate profile of the Fund's interest-bearing financial instruments as reported to the management of the Fund is as follows:

	2018	2017
	(Rupees in '000)	
Variable rate instruments		
Financial assets (bank balances)	<u>691</u>	<u>99,367</u>
	<u>691</u>	<u>99,367</u>

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the unit holders fund and the income statement by Rs. 6,910 (2017: Rs. 993,670) The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Bank balances are repriced by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the other assets and Fund's liabilities are exposed to interest rate risk.

20.4 Unit holder's fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units. Refer notes 14 also for the relevant details.

20.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 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 value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

PIML Daily Reserve Fund

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

	Note	Carrying amount			Fair value			Total
		Fair value through income statement	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	
(Rupees in '000)								
30 June 2018								
Financial assets measured at fair value								
Investments - Government securities	6	113,747	-	-	113,747	-	-	113,747
Financial assets not measured at fair value								
21.5.1								
Bank balances	5	-	691	-	691	-	-	-
Prepayment other receivables	8	-	167	-	167	-	-	-
		-	858	-	858	-	-	-
Financial liabilities not measured at fair value								
21.5.1								
Payable to the Management Company	9	-	-	71	71	-	-	-
Remuneration payable to the Trustee	10	-	-	14	14	-	-	-
Accrued expenses and other liabilities	12	-	-	480	480	-	-	-
		-	-	565	565	-	-	-
30 June 2017								
Financial assets measured at fair value								
Investments - Government securities	6	149,191	-	-	149,191	-	-	149,191
Financial assets not measured at fair value								
21.5.1								
Bank balances	5	-	99,367	-	99,367	-	-	-
Other receivable		-	198	-	198	-	-	-
		-	99,565	-	99,565	-	-	-
Financial liabilities not measured at fair value								
21.5.1								
Payable to the Management Company	9	-	-	213	213	-	-	-
Remuneration payable to the Trustee	10	-	-	32	32	-	-	-
Accrued expenses and other liabilities	12	-	-	3,538	3,538	-	-	-
		-	-	3,783	3,783	-	-	-

20.5.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically.

Therefore, their carrying amounts are reasonable approximation of their fair values.

21. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, members of the Investment Committee, fund manager, meetings of the Board of Directors, credit rating of the Fund and the Management Company of the Fund as required under Schedule V of Non Banking Finance Companies and Notified Entities Regulations, 2008 are as follows:

PIML Daily Reserve Fund

21.1 Unit holding pattern of Fund

Category	2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	60	620	1%
Associates	2	107,259	99%
Banks	1	14	
Others	2	2	0%
	65	107,895	100%

Category	2017		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	97	26,518	11%
Retirement Funds	2	17,961	8%
Others	1	194,144	81%
	100	238,623	100%

21.2 List of top brokers by percent of the commission paid

The list of brokers by percentage of the commission paid during the period ended 30 June 2018 are as follows:

Name of broker	Percentage of commission / brokerage %
- BMA Capital Management Limited	26.31%
- Invest Capital Market Limited	26.32%
- JS global Capital Limited	47.37%

The list of brokers by percentage of the commission paid during the period ended 30 June 2017 are as follows:

- Invest Capital Market Limited	39.41%
- Paramount Capital (Private) Limited	34.30%
- Vector Securities (private) Limited	11.49%
- EFG Hermes Pakistan Limited	9.41%
- C&M Management (Private) Limited	3.18%
- Next Capital Limited	1.47%
- J.S Global Capital Limited	0.73%

21.3 Members of the investment committee

Following are the members of investment committee:

Mr. Salman H Sheikh - Chief Executive Officer
 Mr. Hamza Saboor - Chief Financial Officer
 Mr. Basharat Ullah Khan - Chief Investment Officer
 Mr. Imran Rahim Khan - Fund Manager
 Mr. Muhammad Saeed Khalid - Acting Head of Research.
 Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Salman Haider - Chief Executive Officer

Mr. Salman Haider has over 20 years of Investment Management experience including almost 10 years on Wall Street starting with Merrill Lynch in 1996 along with Janney and Wachovia-Wells Fargo. He has held series 7 and series 63 licenses with life & health insurance licenses of NASD in New York to develop and invest in diverse investment products including securities, debentures, futures & options, commodities and annuitized insurance investment plans. Mr. Salman Haider has vast experience in Investment Banking and Asset Management arenas and has headed Faysal Asset Management Ltd in Pakistan from 2005 till 2012 growing profits of the company by over 600% and asset base from PKR 1 Billion to PKR 13 Billion. Mr. Haider holds a bachelors in Finance from Rutgers University USA, an MBA from University of London UK and an executive leadership graduate certification from Cornell University, USA.

Mr. Hamza Saboor - Chief Financial Officer

Mr. Hamza Saboor is an associate member of the Institute of Chartered Accountant of Pakistan (ICAP) and currently pursuing Institute of Chartered Accountant in England and Wales (ICAEW) qualification. He has more than 07 years of work experience ranging from Multinational Audit firm, Financial Consultancy and Microfinance Bank. He started his career from KPMG Taseer Hadi & Co. specializing in Audit and Assurance services, Business Processing Outsourced and Risk Advisory in versatile industries specially the financial sector, which included statutory and financial audits, reviews and other engagements of reputable multinational and local organizations. He later served in the finance department of Pak Oman Microfinance Bank Limited.

Mr. Basharat Ullah Khan - Chief Investment Officer

Mr. Basharat Ullah is heading the Fund Management division of AWT Investments. He has extensive experience of 25 years in Pakistani capital markets primarily in the field of investment management and buy/sell side research. He has worked in both asset management and brokerage industry, with 11 years in the mutual fund sector where he headed fund management divisions in two asset management companies- Arif Habib Investments and Askari Investments. In brokerage, he served as head of research, heading the equity desk and also as Chief Executive of a company. He has MSc in Economics.

Mr. Imran Rahim Khan - Fund Manager

Mr. Imran Rahim Khan is a seasoned professional with over 20-years of experience, which were spent in the field of Treasury and Funds Management. During his experience, he had the privilege of working for Prime Commercial Bank Ltd, ABN-AMRO Bank Pakistan, Noman Abid Investment Management Ltd, Pearl Securities Ltd and Pak-Oman Asset Management Company (a joint venture between Pak Oman Investment Company Limited, Oman National Investment Corporation, Bank Muscat and NLC (SRBF), Vector Capital Ltd and now AWT Investment Management Ltd (a joint venture of AWT investments and Pak Brunei Investment Company Ltd). He has a solid working experience in managing both conventional and Islamic Fixed Income/Equity funds. During his professional life and career he had an exposure of Forex market when in Commercial Banks and of equity market when he was Chief Investment Officer in Noman Abid Investments Ltd. Besides he is an MBA in Banking & Finance as well as MA in (Economics) from Karachi University. He has also completed PGD in Islamic Banking & Finance from Shaikh Zayed Islamic Centre University of Karachi and stage III candidate of JAIBP.

Mr Muhammad Saeed Khalid - Acting Head of Research

Mr. Saeed Khalid is a professional Financial Analyst serving the PIML for more than 2 year. Mr. Saeed is a part qualified ACCA from Association of Chartered Certified Accountants (UK). He is also an M.A. in Economics from University of Karachi. Mr. Saeed has served Shajar Capital Pakistan Pvt. Ltd. for more than 3 years. He has also worked with Admore Gas Pvt. Ltd. as an executive in Risk & Compliance department. He has provided his expertise while working in the leading brokerage houses of Pakistan i.e. Invest Capital Investment Bank Limited and Ismail Iqbal Securities Pvt. Ltd.

Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Asif has over 12 years of Professional experience in Compliance, Audit and Assurance. Prior to joining PIML, he served in Pak Oman Asset Management Company Limited as Compliance Officer. He also worked with Riaz MSB Limited (UK) and Riaz Ahmad, Saqib Gohar & Co (Chartered Accountants). He has done Bachelors in Accounts & Finance from UK.

PIML Daily Reserve Fund

21.4 Manager of the Fund

Mr. Imran Rahim Khan - Fund Manager

For details, refer note 21.3 above

Directors meeting attendances

Following are the dates and name of persons who attended the meeting of the board of directors during the year:

For the year ended 30 June 2018	Dates meeting attended	26-Sep-17	27-Oct-17	27-Feb-18	27-Apr-18
Name of directors					
Lt. General Khalid Rabbani (Retd)*	2	1	1	N/A	N/A
Major General Syed Taqi Naseer Rizvi (Retd)*	2	1	1	N/A	N/A
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Istaqbal Mehdi*	3	1	1	-	1
Mr. Ahmed Ateeq*	3	1	1	1	N/A
Mr. Salman Haider	4	1	1	1	1
Lt. General Najib Ullah Khan (Retd.)**	2	N/A	N/A	1	1
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	1
Mr. Malik Riffat Mehmood	0	N/A	N/A	N/A	N/A
Ms. Maleeha Humayun Bangash	0	N/A	N/A	N/A	N/A
Members attended		6	6	4	5

* Mr. Istaqbal Mehdi was appointed on 01 August 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), resigned on 16th January 2018 and 31 January 2018 respectively. Mr. Ahmed Ateeq resigned on 24th April 2018.

** The casual vacancies were then filled through appointment of Lt. General Najib Ullah Khan (Retd.) on 17th January 2018 and Major General Akhtar Iqbal (Retd.) on 1st February 2018.

*** The tenure of the present Board of Directors expired on 30 April 2018 and new Board was elected through election of director in EOGM held on 30 April 2018.

For the year ended 30 June 2017	Dates meeting attended	9-Aug-16	21-Oct-16	22-Dec-16	24-Feb-17	15-May-17	8-Jun-17
Name of directors							
Mr. Khalid Aziz Mirza	6	1	1	1	1	1	1
Ms. Ayesha Aziz	4	1	1	1	-	1	-
Mr. Zafar Iqbal Sobani	5	1	1	1	1	1	-
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1	-	-
Mr. Ahmed Ateeq	6	1	1	1	1	1	1
Mr. Salman Haider *	2	N/A	N/A	N/A	N/A	1	1
Lt. General Khalid Rabbani (Retd) *	1	N/A	N/A	N/A	N/A	N/A	1
Major General Syed Taqi Naseer Rizvi (Retd) *	-	N/A	N/A	N/A	N/A	N/A	-
Mr. Tariq Iqbal Khan *	1	N/A	N/A	N/A	N/A	N/A	1
Members attended		5	5	5	4	5	5

* Mr. Salman Haider was appointed on 18 April 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), Major General Syed Taqi Naseer Rizvi (Retd) and Mr. Tariq Iqbal Khan were appointed on 17 May 2017.

PIML Daily Reserve Fund

21.5 Audit Committee meeting attendances

Following are the dates and name of persons who attended the meeting of the audit committee during the year:

For the year ended 30 June 2018	Dates meeting attended	26-Sep-17	27-Oct-17	27-Feb-18	27-Apr-18
Name of directors					
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Ahmed Ateeq	3	1	1	1	1
Major General Syed Taqi Naseer Rizvi (Retd)*	2	1	1	N/A	N/A
Major General Akhtar Iqbal (Retd.)	1	N/A	N/A	N/A	N/A
Members attended		<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>
For the year ended 30 June 2017	Dates meeting attended	9-Aug-16	21-Oct-16	24-Feb-17	15-May-17
Name of directors					
Mr. Khalid Aziz Mirza	4	1	1	1	1
Mr. Zafar Iqbal Sobani	4	1	1	1	1
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1
Members attended		<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

21.6 Human resource and remuneration meeting attendances

Following are the date and name of persons who attended the meeting of Human Resource and Remuneration during the year:

For the year ended 30 June 2018	Dates Meeting attended	17-Oct-17	29-Nov-17
Name of Directors			
Mr. Major General (Retd) Syed Taqi Naseer Rizvi	2	1	1
Mr. Istaqbal Mehdi	2	1	1
Mr. Salman Haider Shaikh	2	1	1
		<u>3</u>	<u>3</u>
For the year ended 30 June 2017	Dates Meeting attended	22-Dec-16	15-Jun-17
Name of Directors			
Mr. Khalid Aziz Mirza	1	1	N/A
Ms. Ayesha Aziz	1	1	N/A
Mr. Ateeq Ahmed	2	1	1
Major General Syed Taqi Naseer Rizvi (ret)	1	N/A	1
Mr. Salman Haider	1	N/A	1
		<u>3</u>	<u>3</u>

21.7 Fund and Asset Manager Rating

The Pakistan Credit Rating Agency (PACRA) has assigned stability rating of "AA(f)" to the fund.

The JCR VIS Credit Rating Company Limited (JCR VIS) vide its press release dated 15 December 2016 has assigned rating of AM3+ to the Management Company and has placed the Company under 'Rating Watch - Developing' status.

21.8 Subsequent event

The Board of Directors on 06 July 2018 has approved a final distribution of Rs. 3.53 per unit (for full year). The aggregate cash distribution is Rs. 3.852 million in addition to refund of capital / element of income as by issuing 8,122 additional units to eligible unitholders at zero price per MUFAP guidelines (duly consented upon by SECP).

PIML Daily Reserve Fund

The financial statements of the Fund for the year ended 30 June 2018 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

22 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on **September 24, 2018**.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

This Page Has Been Intentionally Left Blank

PIML Islamic Income Fund

table of contents

103	Funds' Information
105	Directors' Report to the Unit holders (English)
107	Directors' Report to the Unit holders (Urdu)
109	Fund Manager's Report
113	Performance Table / Key Financial Data
114	Report of Shariah Advisor
115	Statement of Compliance with Shariah Principles
116	Independent Assurance Provider's Report on Shariah Compliance
118	Trustee Report to the Unit Holders
119	Independent Auditors' Report to the Unit Holders
124	Statement of Assets and Liabilities
125	Income Statement
126	Statement of Comprehensive Income
127	Cash Flow Statement
128	Statement of Movement in Unit Holders' Fund
129	Notes to the Financial Statements

FUND'S INFORMATION

Management Company	AWT Investments Limited 3rd Floor, AWT Plaza I.I Chundrigar Road, Karachi	
Board of Directors	Lt. General Najib Ullah Khan (Retd.) Maj. General Akhtar Iqbal (Retd.) Mr. Tariq Iqbal Khan Mr. Malik Riffat Mehmood Ms Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Director Director Director Director Chief Executive Officer
Chief Financial Officer	Mr. Hamza Saboor	
Company Secretary	Mr. Naveed ul Islam	
Audit Committee	Mr. Tariq Iqbal Khan Maj. General Akhtar Iqbal (Retd.) Mr. Malik Riffat Mehmood	Chairman Member Member
HR Committee	Maj. General Akhtar Iqbal (Retd.) Ms Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Member Member
Trustee	Central Depository Company of Pakistan Limited DC House, 99B, Block-B, SMCHS, Main Shahra-e-Faisal, Karachi	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi. 75530	
Legal Advisors	Mohsin Tayebaly & Co. 2nd Floor, Dime Centre, BC-4 Block-9, Kehkashan, Clifton, Karachi	
Bankers	Habib Bank Limited (Islamic Banking) Bank Al-Falah Limited (Islamic Banking) Al-Baraka Bank (Pakistan) Limited (Islamic Banking) Soneri Bank Limited (Islamic Banking) Askari Bank Limited (Islamic Banking) BankIslami Pakistan Limited	
Shariah Advisor	Al-Hilal Shariah Advisors(Pvt) Limited 3rd Floor Razi Tower ,BC-13, Block-9 KDA Scheme No.5, Clifton, Karachi.	
Rating	A(f) by PACRA	

This Page Has Been Intentionally Left Blank

DIRECTORS'
REPORT TO THE UNIT HOLDERS

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of AWT Investments Limited the Management Company of PIML- Islamic Income Fund ("the Fund"), is pleased to present the annual financial statements for the year ended June 30, 2018.

REVIEW OF FUND PERFORMANCE

During FY18 IIF delivered annualized yield of 4.14%, while the benchmark return was 2.46% denoting an out performance by 168 bps.

As on June 30, 2018, Net Assets of the fund stood at PKR 99.07 million, whereas the Net Assets of the fund on June 30, 2017 were PKR 36.41 million translating into a YoY increase of 172.06%. On a sequential basis, Net Assets of the Fund on March 31, 2017 were PKR 101.02 million denoting a decline of 1.94% on a QoQ basis. The weighted average time to maturity of the portfolio stands at 301 days. The fund's Net Asset Value on June 30, 2018 was PKR 105.44.

The Fund was launched on 4th March 2014. The fund falls in the Shariah Compliant Income category.

Subsequent to year-end, the Board of Directors on 06 July 2018 has approved a final distribution of Rs. 3.71 per unit (for full year). The aggregate cash distribution is Rs. 2.988 million in addition to refund of capital / element of income by issuing 4,884 additional units to eligible unit holders at zero price as per MUFAP guidelines (duly consented upon by SECP).

ECONOMIC OUTLOOK

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD 17.99 bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

FUND STABILITY RATING

The Fund stability rating 'A (f)' assigned by The Pakistan Credit Rating Agency Limited (PACRA) to the Fund remains unchanged.

MANAGEMENT QUALITY RATING

The JCR-VIS Credit Rating Company Limited has reaffirmed Management Quality Rating of "AM3+" 'with Rating Watch-Developing' to AWT Investments Limited on December 15, 2016. The rating denotes high management quality of the Management Company.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also wish to express gratitude to the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Rawalpindi: **September 24, 2018**

Chief Executive Officer

Director

پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ - اسلاک آف فونڈ
ڈائریکٹرز رپورٹ برائے یونٹ ہولڈرز

AWT انویسٹمنٹس لمیٹڈ (پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ) کے بورڈ آف ڈائریکٹرز جو کہ پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ - اسلاک آف فونڈ (فونڈ) کی انتظامی کھپتی ہے، 30 جون 2018 کو اختتام پزیر ہونے والے سال کا سالانہ مالیاتی گوشوارہ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہی ہے۔

فونڈ کی کارکردگی کا جائزہ

مالی سال 18 میں اسلاک آف فونڈ نے 4.14 فی صد کا مالی منافع حاصل کیا جب کہ اس کا بیج مارک منافع 2.46 فی صد رہا جس سے 168 پیسوں کی نمو کا اشارہ ملتا ہے۔

30 جون 2018 میں فونڈ کے خالص اثاثوں کی مالیت 99.07 ملین پاکستانی روپے تھی، جب کہ 30 جون 2017 میں فونڈ کے خالص اثاثوں کی مالیت 36.41 ملین پاکستانی روپے تھی جو سال بہ سال %172.06 فی صد نمو کی نشان دہی کر رہا ہے۔ فونڈ کے ساتھ 31 مارچ 2017 میں فونڈ کے خالص اثاثوں کی مالیت 101.02 ملین پاکستانی روپے تھی جس سے سرمایہ کی بنیاد پر 1.94 فی صد تنزیل کا اشارہ ملتا ہے۔ پورٹ فولیو کی پیچھوڑنی کا اوسط دورانیہ 301 دن رکھا گیا۔ 30 جون 2018 میں فونڈ کے خالص اثاثوں کی مالیت 105.44 پاکستانی روپے تھی۔

پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ - اسلاک آف فونڈ کا اجراء 4 مارچ 2014 میں کیا گیا۔ یہ فونڈ شریعہ کی پابندیوں کی تعمیری میں شامل کیا گیا۔

بورڈ آف ڈائریکٹرز نے 6 جولائی 2018 کو (پورے سال کے لیے) 3.71 روپے فی یونٹ کی حتمی تقسیم کا فیصلہ کیا۔ 2.988 ملین کا مجموعی نقد نفع کی واپسی / آمدنی کے جز کی صورت اضافی طور پر ادا کیا گیا جیسا کہ 4,884 اضافی پیسے، ایل یونٹ ہولڈرز کو MUFAP گائیڈ لائنز کے تحت زیرو پرائس پر جاری کیے گئے۔

معاشی توقعات

مالی سال 2018 کے دوران، پاکستانی معیشت بیرونی طور پر ٹھنکے بھرا اور تنزیل کا شکار نظر آئی۔ موجودہ مالی خسارہ 42.57 فی صد تک جا پہنچا جو 17.99 ملین امریکی ڈالر تھا جب کہ مالی سال 17 میں 12.62 ملین امریکی تھا۔ جب کہ اسی دوران ملکی زرمبادلہ کے ذخائر میں 23 فی صد (5 ملین امریکی ڈالر) کمی ہو کر 16.4 ملین امریکی ڈالر رہ گئی۔ مالی سال 2018 کے دوران کرنٹ اکاؤنٹ کا خسارہ بہت زیادہ بڑھ گیا اس کی وجوہات میں 36 ملین امریکی ڈالر کا ملین تجارتی خسارہ شامل ہے۔

مالی سال 18 کے دوران CPI کی اوسط 3.92 فی صد تھی سال بہ سال بمقابلہ مالی سال 17 کے دوران جب یہ اوسط 4.16 فی صد تھی۔ گزشتہ چند مہینوں میں افراط زر کی شرح میں جون کے مقابلے میں 5.21 فی صد اضافہ دیکھنے میں آیا۔ افراط زر کی شرح میں اس اضافے کی وجہ بین الاقوامی تیل کی قیمتوں میں اضافہ اور پاکستانی روپے کی قدر میں کمی ہے۔ حالیہ مہینوں میں افراط زر کی شرح میں اضافہ آئندہ بھی جاری رہنے کی توقع ہے کیوں کہ ملک میں مہنگائی اور اشیاء کی قیمتوں میں اضافہ اس کے دباؤ میں مزید بڑھا دے گا۔ SBP نے پالیسی ریٹ پر کتنی کو جاری رکھا ہے اور مالی سال 18 کے آخری حصے میں دو مرتبہ کل 75 پیسے اضافے کے بعد 6.5 فی صد اضافہ کیا۔ (14 جولائی 2018 میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں مزید 100 پیسوں یعنی 7.5 فی صد کا اضافہ کیا۔

FDI مالی سال 18 میں سال بہ سال 0.76 فی صد نمو حاصل کی جو کہ 2.77 ملین امریکی ڈالر ہوتے ہیں جب کہ اس کے مقابلے میں FDI مالی سال 17 میں 2.75 امریکی ڈالر تھی۔ مالی سال 18 میں اہم ترین سرمایہ کاری (بالخصوص سی پیک کے پروجیکٹس کے لیے) چین کی جانب سے کی گئی جس کا حجم 1.58 ملین امریکی ڈالر تھا، یو کے کی جانب سے 279 ملین امریکی ڈالر، امریکی ڈالر اور سوئٹزرلینڈ 88 ملین امریکی ڈالر کی سرمایہ کاری کی گئی۔

LSM کے اعداد و مالی سال 4QFY18 میں مندی کا اشارہ دے رہے ہیں۔ بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں مندی کا رجحان دیکھنے میں آیا۔ جو مئی 18 ماہ بہ ماہ میں 11.64 فی صد تھا۔ LSM کے اعداد و شمار میں مندی بالخصوص فریٹ لائزرز اور لیڈر پروڈکٹس کے شعبوں میں دیکھنے میں آئی جو مئی 18 میں 1.87 فی صد ماہ بہ ماہ اور 0.33 فی صد ماہ بہ ماہ تھی۔ جب کہ 11MFY18 کی بنیاد پر LSM میں 6 فی صد سال بہ سال کی نمو حاصل کی، مقابلہ 11MFY17 کے۔

فنز کے استحکام کی درجہ بندی

فنز کے لیے، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے فنڈ اسٹیبلٹی ریٹنگ 'A(f)' متعین کی گئی جو بحال مستحکم ہے۔

مہجنت کوآئی ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے پرائس انوسٹمنٹ مہجنت لمیٹڈ کو 15 دسمبر 2016 میں مہجنت کوآئی ریٹنگ AM3+ کے علاوہ ریٹنگ واچ۔ ڈیولپنگ سے بھی نوازا ہے۔ یہ ریٹنگ مہجنت کمپنی کی اعلیٰ درجہ کی انتظامی خصوصیات کو ظاہر کرتی ہے۔

اعلہ ارتھکر

مہجنت کمپنی کے بورڈ آف ڈائریکٹرز، سیکریٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان کی جانب سے قابل قدر مدد و معاونت اور رہنمائی کے لیے ان کے شکر گزار ہیں۔ علاوہ ازیں بورڈ مہجنت کمپنی کے کارکنان اور سٹیز کی لگن اور جفاکشی و محنت پر ان کا تامل سے منکور ہے۔ بورڈ نے یونٹ ہولڈرز کی جانب سے مہجنت پر بھروسہ کرنے پر ان کا بھی شکریہ ادا کیا۔

راولپنڈی : 24 ستمبر 2018

چیف ایگزیکٹو آفیسر

ڈائریکٹر

**FUND
MANAGER'S REPORT**

FUND MANAGER'S REPORT

- **Category and type of Collective Investment Scheme**

Islamic Income Scheme/ Open end

- **Objective of Collective Investment Scheme**

The objective of PIML-IIF is to generate, competitive risk adjusted returns by investing in short, medium and long-term Shariah Compliant Fixed Income Instruments.

- **Explanation as to whether the Collective Investment Scheme has achieved its stated objectives**

The collective investment scheme achieved its stated objectives.

- **Benchmark(s) relevant to the Collective Investment Scheme**

6 month average deposit rates of three (3)A rated scheduled Islamic Banks or Islamic windows of conventional Banks as selected by MUFAP.

- **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Period	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Fund	3.19%	7.22%	3.21%	3.94%	3.31%	3.66%	3.64%	4.90%	3.51%	2.71%	3.94%	5.27%
BM	2.39%	2.31%	2.34%	2.58%	2.54%	2.61%	2.52%	2.50%	2.55%	2.47%	2.58%	2.38%
Diff	0.79%	4.91%	0.88%	1.36%	0.78%	1.05%	1.12%	2.40%	0.96%	0.23%	1.36%	2.89%

- **Strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

During FY18 IIF delivered annualized yield of 4.14%, while the benchmark return was 2.46% denoting an outperformance by 168 bps.

As on June 30, 2018, Net Assets of the fund stood at PKR 99.07 million, whereas the Net Assets of the fund on June 30, 2017 were PKR 36.41 million translating into a YoY increase of 172.06%. On a sequential basis, Net Assets of the Fund on March 31, 2017 were PKR 101.02 million is denoting a decline of 1.94% on a QoQ basis. The weighted average time to maturity of the portfolio stands at 301days. The fund's Net Asset Value on June 30, 2018 was PKR 105.44.

During the period, the fund's exposure stood at 70.59% and Sukuk at 15.15% of the net assets. The fund made exposure in placements with bank at 15.14% of the net assets.

- **Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)****

Portfolio Allocation	Jun-18	Jun-17
Cash at Bank	83.06%	56.41%
Sukuk	14.94%	37.14%
Others including receivables	2.00%	6.45%

FUND MANAGER'S REPORT

- Collective Investment Scheme's performance**

	Fund
Sharpe Ratio*	-5.43
Information Ratio	0.30
Standard Deviation*	0.49%
Weighted Avg Maturity (Days)	301

*Annualized

- Changes in total NAV and NAV per unit since the last review period****

	FY18	FY17
Net Assets PKR Mn	99.07	36.40
NAV/unit (PKR)	105.44	101.25

- Investment Markets**

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

- Distribution made out of Collective Investment Scheme**

Distribution	
Income distribution made by the Fund was Rs. 3.71 per unit on July 06, 2018 for FY18	
NAV per unit as on	
Cum - NAV (PKR)	105.44
Ex - NAV (PKR)	101.73

FUND MANAGER'S REPORT

- **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in the state of affairs during the year under review.

- **Breakdown of unit holdings by size**

Range of Shares	Number of Investors
0.0001 - 9,999.9999	255
10,000.0000 - 49,999.9999	7
50,000.0000 - 99,999.9999	-
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	1
Total	265

- **Circumstances that materially affect any interest of the unit holder**

Investment is subject to market risk.

- **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme, disclosure of the following:-**

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

PIML Islamic Income Fund

PERFORMANCE TABLE / KEY FINANCIAL DATA

Description	(Rs in '000')				
	Years				
	2018	2017	2016	2015	2014
Net Assets	99,072	36,410	276,402	106,637	111,061
Net Income	4,269	1,343	11,416	5,417	2,013
Total return of the Fund	4.14	4.37	6.26	5.08	5.46
Total dividend distribution	3.71	3.16	6.68	4.83	1.64
Capital Growth	0.43	1.21	(0.42)	0.25	3.82
Average Annual Return					
One Year - in percentage	4.14%	4.37%	6.26%	5.08%	5.46%
Two Year - in percentage	4.26%	5.32%	5.67%	5.27%	n/a
Three Year - in percentage	4.92%	5.24%	5.60%	n/a	n/a
Net assets value per unit - Rupees	105.44	101.25	100.04	100.42	100.14
Highest offer price per unit *	107.83	106.55	108.75	107.73	102.02
Lowest offer price per unit *	103.52	102.06	102.02	102.17	103.74
Year-end offer price per unit *	107.83	103.28	102.05	102.43	102.15
Highest repurchase price per unit *	105.44	104.45	106.61	105.61	101.70
Lowest repurchase price per unit *	101.23	100.06	100.01	100.16	100.01
Year-end repurchase price per unit *	105.44	101.25	100.03	100.42	100.14
Final Interim distribution per unit	3.71	3.16	-	4.83	1.64
Announcement date	6/Jul/18	23-Jun-17	-	26-Jun-15	25-Jun-14
First Interim distribution per unit	-	-	1.37	-	-
Announcement date	-	-	24-Jun-16	-	-
Second Interim distribution per unit	-	-	5.31	-	-
Announcement date	-	-	29-Jun-16	-	-
Total Distribution as % of par value	3.71	3.16	6.68	4.83	1.64
Number of units in issue - Number	939,568	359,591	2,762,856	1,061,947	1,109,064

Notes:

- PIML Islamic Income Fund (Formerly Islamic Money Market Fund) was launched on 04 March 2014.

* Past performance is not necessarily indicative of future performance and that certificate prices and investment returns may go down, as well as up.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



August 10, 2018

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2018 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in PIML Islamic Income Fund (PIML-IIF) managed by AWT Investments are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt) Limited


Mufti Iqshad Ahmad Aijaz
Member Shariah Council


Faraz Younus Bandukda, CFA
Chief Executive

Al-Hilal Shariah Advisors (Pvt) Limited

STATEMENT OF COMPLIANCE WITH SHARIAH PRINCIPLES

PIML Islamic Income Fund (the Fund) has fully complied with the Shariah Principals specified in the trust deed and in the guidelines issued by the Shariah Advisor for its operations, investments, bank accounts and placements made for the year ended 30 June 2018. The Shariah Advisor has also confirmed that the transactions were observed to be compliant with the Shariah guidelines."

Salman Haider
Chief Executive Officer

Date: September 24, 2018

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

We were engaged by the Board of Directors of AWT Investments Limited, Management Company of PIML Islamic Income Fund (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the management company for the year ended 30 June 2018, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended 30 June 2018.

Responsibilities of the Management Company

The management company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The management company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

PIML Islamic Income Fund

The procedures performed included performing tests of controls for making investments and maintaining bank accounts in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 30 June 2018, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

**TRUSTEE REPORT TO THE UNIT HOLDERS
PIML ISLAMIC INCOME FUND**

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 PRIMUS Investment Management Limited-Islamic Income Fund (the Fund) are of the opinion that AWT Investments Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 28, 2018

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the annexed financial statements of PIML Islamic Income Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, income statement, statement of comprehensive income, statement of movement in unit holders' fund, cash flow statement for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the note 1.7 to the financial statements, which more fully describes the fact that net assets of the Fund at 30 June 2018 was Rs. 99.072 million and subsequent to the year end on 24 September 2018, it had reduced to Rs. 71.786 million which is below the minimum size of Rs.100 million as required under the Non-Banking Finance Companies and Notified Entities

Regulations, 2008. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Valuation of Investment</p> <p>Refer to note 6 to the financial statements for the details of investments and the accounting policy in note 4.3 to the financial statements.</p> <p>At 30 June 2018, the Fund had investment in a debt security of Rs. 15 million classified as at "Fair value through income statement". It represents 15.14% of the net assets value of the Fund as of that date.</p> <p>We identified the valuation of investment as a key audit matter because of its significance in relation to the net asset value of the Fund.</p>	<p>Our audit procedures to assess the valuation of investment included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investment; and • assessed whether the investment was valued at fair value based on the rate quoted by Mutual Fund Association of Pakistan (MUFAP) as at 30 June 2018.

PIML Islamic Income Fund

S. No	Key Audit Matter	How the matter was addressed in our audit
2.	<p>Amendments to the NBFC Regulations, 2008</p> <p>Refer to note 4.1 to the accompanying financial statements with respect to element of income.</p> <p>The amendments to NBFC Regulations, 2008 brought through SRO 756(I)/2017 dated 03 August 2017 issued by Securities and Exchange Commission of Pakistan (SECP), have necessitated changes in accounting policies with respect to the recording of element of income / loss on net basis from income statement to unit holders' fund directly and consideration of Income already paid on units redeemed as dividend. The said SRO also required certain presentation changes. The fund has applied these changes with effect from 1 July 2017.</p> <p>We identified the said changes as a key audit matter because application of these changes involved complex calculations and judgment in respect of determination of income already paid on units redeemed (element of income), distribution and refund of capital (element of income) to conform with methodology specified by MUFAP for such calculations.</p>	<p>Our audit procedures in respect of change in accounting policies due to amendments in NBFC Regulations 2008 included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and operating effectiveness of controls in place for estimation of income already paid on units redeemed (element of income), distribution and refund of capital (element of income). • Testing, on sample basis, that income already paid on units redeemed (element of income), distribution and refund of capital (element of income) have been determined as per methodology specified by MUFAP in the consultation with SECP. • Assessing the adequacy of disclosures made with respect to change in accounting policies and the requirements of NBFC Regulations, 2008.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

PIML Islamic Income Fund

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended 30 June 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 29 September 2017.

The engagement partner responsible for the audit resulting in this independent auditor's report is Aryn Pirani.

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

This Page Has Been Intentionally Left Blank

FINANCIAL STATEMENTS

PIML Islamic Income Fund

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2018**

	Note	2018 (Rupees in '000)	2017
Assets			
Bank balances	5	68,407	21,416
Investments	6	30,000	14,098
Prepayment, security deposit and other receivables	7	1,676	1,514
Deferred formation cost	8	346	930
Total assets		100,429	37,958
Liabilities			
Payable to the Management Company	9	174	190
Remuneration payable to the Trustee	10	14	13
Annual fee payable to Securities and Exchange Commission of Pakistan	11	78	195
Accrued expenses and other liabilities	12	1,091	1,150
Total liabilities		1,357	1,548
Contingency and commitment	13		
Net assets		99,072	36,410
Unit holders' fund		99,072	36,410
		(Number)	
Number of units in issue	14	939,568	359,591
		(Rupees)	
Net assets value per unit		105.44	101.25

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 (Rupees in '000)	2017
Income			
Profit on Sukuk Investments (held for trading)		785	1,545
Return on bank balances		5,663	14,894
Gain on sale on held for trading investments - net		266	128
Net unrealized gain on investments classified as held for trading		-	98
		<u>6,714</u>	<u>16,665</u>
Expenses			
Remuneration of the Management Company	9.1	806	1,096
Sindh sales tax on Management Company's remuneration	12.3	105	143
Remuneration of the Trustee	10	177	438
Sindh sales tax on Trustee remuneration		23	57
Annual fee to the Securities and Exchange Commission of Pakistan	11	78	195
Auditors' remuneration	15	224	266
Shariah advisory fee		610	609
Bank charges		7	8
Brokerage expense		36	8
CDC - Settlement Charges		7	8
Printing, stationery and postage		63	52
Mutual fund rating fee		200	284
Listing fee		22	40
Total expenses		<u>2,358</u>	<u>3,460</u>
Net income from operating activities		<u>4,356</u>	<u>1,343</u>
Reversal of Workers' Welfare Fund	12.1	-	152
Element of (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		-	(12,014)
Provision for Sindh Workers' Welfare Fund	12.1	(87)	(256)
Net income for the year before taxation		<u>4,269</u>	<u>(10,775)</u>
Taxation	17	-	-
Net income for the year after taxation		<u>4,269</u>	<u>1,343</u>
Allocation of net income / (loss) for the year			
Net income for the year after taxation		4,269	-
Income already paid on units redeemed		(857)	-
		<u>3,412</u>	<u>-</u>
Accounting income available for distribution			
- Relating to capital gains		165	-
- Excluding capital gains		3,247	-
		<u>3,412</u>	<u>-</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Islamic Income Fund

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	(Rupees in '000)	
Net income for the year	4,269	1,343
Other comprehensive income for the year	-	-
Total comprehensive income for the year	4,269	1,343

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year after taxation	4,269	1,343
Adjustments for:		
Element of loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	12,014
Return on bank balances - under shariah arrangements	(5,663)	(14,894)
Net unrealized gain on held for trading investments	-	(98)
Gain on sale on held for trading investments - net	(266)	(128)
Profit on Sukuk Investments (held for trading)	(785)	(1,545)
	<u>(2,445)</u>	<u>(3,308)</u>
(Increase) in assets		
Deferred formation cost	584	584
Investments	(15,637)	(13,872)
Prepayment, security deposit and other receivables	(76)	(16)
	<u>(15,129)</u>	<u>(13,304)</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	(16)	33
Remuneration payable to the Trustee	1	(16)
Annual fee payable to Securities and Exchange Commission of Pakistan	(117)	(4)
Accrued expenses and other liabilities	(59)	194
	<u>(191)</u>	<u>207</u>
Mark-up received on bank balances	5,560	15,996
Profit received on sukuk investment	803	1,423
Income tax paid	-	(418)
Net cash flows from operating activities	<u>(11,402)</u>	<u>596</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units (net of re-investment)	131,489	2,058,897
Amount paid on redemption of units	(73,096)	(2,312,219)
Dividend paid (net of re-investment)	-	(9,384)
Net cash flows from financing activities	<u>58,393</u>	<u>(262,706)</u>
Net increase / (decrease) in cash and cash equivalents	<u>46,991</u>	<u>(262,110)</u>
Cash and cash equivalents at beginning of the year	<u>21,416</u>	<u>283,526</u>
Cash and cash equivalents at end of the year	<u>68,407</u>	<u>21,416</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 PIML Islamic Income Fund ("the Fund") was established under a Trust Deed, dated 15 May 2013, executed between AWT Investments Limited as Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as a Trustee, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Securities and Exchange Commission of Pakistan (SECP) registered the Fund as a Notified Entity on 25 November 2013, under Regulations 44 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (Establishment and Regulation) Rules.

1.2 On 26 July 2017, Securities and Exchange Commission of Pakistan gave its approval for the change of the name of the Management Company from Primus Investment Management Limited to AWT Investments Limited. The change was made pursuant to the acquisition 70% shares of the Management Company by Army Welfare Trust (AWT).

Subsequent to the year end on 2 August 2018, AWT acquired further 30% shares of the AMC

1.3 The Management Company of the Fund has been licensed by SECP to undertake Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Registered office of the Management Company is situated at 3rd Floor, AWT Plaza I.I Chudrigar Road, Karachi.

1.4 The Fund offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

"The Scheme is a 'Shariah Compliant Islamic Income Scheme' as per the criteria for the categorization of" open-end collective investment schemes specified by the Securities and Exchange Commission of Pakistan. The objective of the Fund is to generate competitive risk adjusted returns by investing in short, medium and long-term Shariah Compliant fixed income instruments.

As per the offering document, the scheme is required to invest at any time in Shariah compliant government securities (including Sukuks) up to a maximum of 75% of its net assets with no minimum requirement. Further, a minimum of 25% and up to a maximum of 100% of its net assets may be invested in cash in bank accounts of Islamic banks and licensed Islamic banking windows of conventional banks (excluding term deposit receipts).

Furthermore, as per the offering document, the Fund can invest in Shariah compliant spread transactions up to a maximum of 40%, non-traded Shariah compliant securities (having maturity of 6 months or above) including, but not limited to Shariah compliant bank deposits, Islamic certificate of deposit (CoD), certificate of musharaka (CoM), placement of fund under Musharaka, Modaraba, Ijarah, Murabaha, Salam, Istisna, etc. with banks, NBFCs and DFIs as per guidelines of the Fund's Shariah Advisor up to a maximum of 15%, other traded Shariah compliant debt securities (including Sukuks) up to a maximum of 75%, any other Shariah compliant instrument / securities that may be allowed by the SECP from time to time and is in accordance with the guidelines of Shariah Advisor of the scheme up to a maximum of 50%, Shariah compliant authorized investments available outside Pakistan subject to SECP, State Bank of Pakistan and Shariah Advisors approval and subject to a cap of US Dollar 15 million up to a maximum of 30%. There is no minimum cap on these instruments. Cap on investment in single security as per NBFC regulations is 15% as also discussed in the note 6.5 below.

1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

1.6 Transactions undertaken by the Fund are in accordance with the guidelines issued by the Shariah Supervisory Council.

1.7 As per regulation 54 (3a) of Non-Banking Finance Companies and Regulations, 2008, the minimum size of an Open end Scheme shall be one hundred million rupees at all times during the life of the scheme. Subject to the above, if any time the size of any Open End Scheme falls below the minimum size specified above, the Management Company shall ensure compliance within three months of the breach and if the fund size remains below the minimum fund size limit for consecutive ninety days, the Asset Management Company shall immediately intimate the grounds to the Commission upon which it believes that the Open End Scheme is still commercially viable and its objective can still be achieved.

In the Fund's case, the net assets fell below the minimum level during 01 July 2017 to 05 July 2017, 07 August 2017 and 08 August 2017, 06 February 2018 to 25 March 2018 and from 27 June 2018 to date. On 30 June 2018, the net asset was Rs. 99.072 million. Subsequently, the Fund size had reduced to 71.755 million on 10 September 2018, which includes withdrawal by Pak Brunei Investment Company Limited - a related party holding 100,603 units amounting to Rs. 10.614 million as of the year end. Management has taken cognisance of the above legal requirement and is making efforts to ensure that the Fund size is above the legal requirement in accordance with the approval of the Board of Directors of the Management Company.

2. BASIS OF PREPARATION

The transactions undertaken by the Fund are in accordance with the Shariah guidelines issued by the Shariah advisor and are accounted for on substance rather than the form prescribed by the above referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

PIML Islamic Income Fund

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules),
Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured 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. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, 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 judgments 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 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 the application of accounting policies are given below:

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 4.3.2 regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ending 30 June 2018 is included in the following notes:

- Notes 4.3.2 and 4.3.4 - Valuation of investments
- Notes 4.12 and 4.15 - Impairment of financial instruments and other assets
- Notes 12.1, 12.2 and 12.3 - Recognition of provision for Sindh Workers' Welfare Fund, Federal Excise Duty and Sindh Sales tax on Federal Exercise Duty respectively
- Notes 4.9 and 17 - Taxation

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.

PIML Islamic Income Fund

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. The management is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on the adoption of the standard. However the management considers that the impact would not be significant.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management is in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments on the adoption of the standard and impairment required under the expected credit loss model. However the management considers that there would not be a significant financial impact.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company premeasures its previously held interest in a joint operation when it obtains control of the business. A company does not premeasure its previously held interest in a joint operation when it obtains joint control of the business.

PIML Islamic Income Fund

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Fund's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to periods presented except for the change in accounting policy for element of income (refer note 4.1).

New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.1 Element of income / (loss)

Up to 30 June 2017, 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 accounting period is recognized in income statement on net basis 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 on net basis.

Securities & Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". As per the above SRO, element of income represents the difference between net assets value per unit on the issuance or the redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. It also mentions that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on the issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to "Income Statement" (relating to allocation of net income for the year) and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed directly in Statement of movements in unit holders' fund instead of income statement. "MUFAP, in consultation with the SECP, has specified a methodology for the determination of income paid on units redeemed (income already paid) under which such income is paid on gross element receipt basis and is calculated from the latest date at which the Fund achieved net profitability during the year.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated. Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been lower by Rs. 0.329 million net off SWWF in respect of element of income and consequently NAV per unit would have been lower by Rs. 0.0072.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity period of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.3 Investments

4.3.1 All investments are initially recognized at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the income statement account.

4.3.2 The Fund classifies its investments in Financial asset at fair value through income statement.

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through income statement upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through income statement upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

Subsequent to initial recognition, these are remeasured to their fair values.

4.3.3 Trade date accounting

All regular purchases / sales of investments are recognised on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the regulations. i.e. 'T+2' in case of the closed end funds.

PIML Islamic Income Fund

4.3.4 Debt Securities (Sukuk Certificates)

Fair value of the investments in listed securities are determined on the basis of available quoted market prices as of the year end. Debt securities comprising of sukuk certificates are valued at the year end rates quoted by MUFAP.

4.4 Deferred formation cost

This represents expenses incurred on formation of the Fund. Formation cost earlier paid to the Management Company by the Fund and now recorded as recoverable from the Management Company to the extent charged to them. Management Company with the approval of the Board of Directors of the Company, has decided that the formation cost of the Fund shall be absorbed by the Management Company on a periodic basis with effect from 01 April 2015. Earlier these costs were being amortised in the Income Statement of the Fund over a period of five years effective from 4 March 2014. Management is of the view that it would be in the interest of the unit holders if the above costs are not borne by the Fund (refer note 8.2 for details).

4.5 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 that day. 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.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors 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.

4.6 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.7 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investment classified as at fair value through income statement is included in the income statements in the period in which it arises.
- Dividend income is recognized when the right to receive the dividend is established.
- Profit on bank balances and debt securities are recognised at effective profit rates based on a time proportion basis.

4.8 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.9 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its 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.

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.

4.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund ceases to be a party to such contractual provisions of the instrument, that is, when the rights to receive cash flows have expired, balance has been realised or when the Fund has transferred substantially all the risk and rewards incidental to ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or when it has expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

PIML Islamic Income Fund

All financial assets are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, financial assets (other than held for trading investments mentioned in note 4.3 above) comprising of loans and receivables (representing non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) are carried at amortised cost. However these are estimated to approximate to its fair value.

Financial liabilities are initially recognised at fair value and subsequently stated at amortised cost, which is also estimated to approximate to its fair value.

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Impairment

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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

4.13 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.14 Distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

4.15 Other assets

Other assets are stated at cost less impairment losses, if any.

4.16 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.

5. BANK BALANCES

Note	2018	2017
	(Rupees in '000)	
	3	4
5.1	<u>68,404</u>	<u>21,412</u>
	<u>68,407</u>	<u>21,416</u>

5.1 These accounts carry profit rates ranging from 6.0% to 6.50% (2017: 4.0% to 5.80%) per annum.

6. INVESTMENTS

At fair value through income statement - held for trading

Listed sukuk certificates	6.1	15,000	14,098
Loans and Receivables			
Term deposit receipt	6.2	15,000	-
		<u>30,000</u>	<u>14,098</u>

PIML Islamic Income Fund

6.1	At fair value through income statement - held for trading Sukuk certificates	Note	Number of certificates			Carrying value before revaluation as at 30 June 2018	Market value / carrying value as at 30 June 2018 (after revaluation) (Rupees in '000)	% of total investments	% of net assets
			Holding at beginning of the year	Acquired during the year	Disposed during the year				
	Face value of Rs. 100,000 each								
	Pak Electron Limited		2,800	-	(2,800)	-	-	-	
	ASPIN Pharma (Private) Limited	6.3	-	150	-	15,000	15,000	50%	
	Held for trading investments as at 30 June 2018					15,000	15,000	50%	
	Cost of held for trading investments as at 30 June 2018					15,000		15.14%	
6.2	Loans and Receivables - Term Deposit Receipt								
	NRSP Micro Finance Bank	6.4				15,000	-	50%	
	Total Investment					30,000	15,000	100%	

6.3 Above amount was paid on 30 November 2017 and carries profit at three months KIBOR plus 1.5%. At the year end profit rate was 7.90% (30 June 2017: Nil) per annum and will mature on 30 November 2023 (30 June 2017: Nil). Interest is payable quarterly while the principal is payable quarterly in twenty equal installments of Rs. 0.75 million, starting from the fifteenth month of the issue (i.e 01 March 2019). These certificates are secured against a ranking charge on all present and future fixed assets (land, building, plant and machinery) of the company inclusive of 15% margin on the issue amount.

The entity and the sukuk instrument have been rated as 'A' by the JCR-VIS.

6.4 Term deposit receipt carry mark-up rate of 8% (2017: nil) per annum and will mature on 8 December 2018.

6.5 As per regulation 55 (6) of Non-Banking Finance Companies and Regulations, 2008, in case of Shariah Compliant Islamic Funds, exposure to any single entity shall not exceed 15% of total net assets of the scheme. However as of 30 June 2018, the Fund's investment in the sukuk certificates issued by Aspin Pharma (Private) Limited was in excess of the limit and was 15.14% of the Fund's net assets. As per regulation 55 (13) of Non-Banking Finance Companies and Regulations, 2008, where the exposure of the Fund exceeds the limit of this regulation because of corporate actions including taking up rights or bonus issue or due to market price increase or decrease in net assets due to redemption, the excess exposure shall be regularized within four months of the breach of limits. The management intend to address the above within the specified time frame.

7. PREPAYMENT, SECURITY DEPOSIT AND OTHER RECEIVABLES

	Note	2018 (Rupees in '000)	2017
<i>Return / markup receivable on:</i>			
- Bank balances		409	383
- Term deposits receipts		76	-
- Sukuk certificates		107	122
Prepaid rating fee		-	201
Receivable from the Management Company - net	7.1	566	290
Central Depository Company of Pakistan Limited security deposit		100	100
Income Tax Recoverable	7.4	418	418
		1,676	1,514

7.1 Receivable from the Management Company comprise of the following:

Expense charged to the management company	16	129	-
Formation cost receivable	7.2	437	290
Total		566	290

7.2 This represents formation cost earlier paid to the Management Company by the Fund and now recorded as recoverable from the Management Company. The Management Company with the approval of the Board of Directors of the Company, has decided that the formation cost of the Fund shall be absorbed by the Management Company on a periodic basis with effect from 01 April 2015. Earlier these costs were being amortised in the Income Statement of the Fund over a period of five years effective from 4 March 2014. The management is of the view that it would be in the interest of the unit holders if the above costs are not borne by the Fund.

Accordingly, during the year formation cost of Rs. 0.584 million (of which Rs. 0.437 million was received during the year resulting in the receivable balance of Rs. 0.437 million as of the year end out of the amount charged to the Management Company) of the total amount of Rs. 0.930 million was charged by the Fund to the Management Company. Remaining balance of Rs. 0.346 million shall also be charged to the Management Company by the Fund on a periodic basis up to February 2019 (at amounts under the earlier basis of amortisation). The management has also obtained clarification from SECP in this regard who has allowed the maintenance of the above balance in the books of the Management Company and reimburse it to the Fund periodically with a directive to ensure that the interest of the unit holders are not undermined.

PIML Islamic Income Fund

	2018	2017
	(Rupees in '000)	
Details of the movement in the above balance is as follows:		
Balance as on 01 July	290	291
Charged to the Management Company during the year	584	584
Balance recovered	(437)	(585)
Balance as on 30 June	<u>437</u>	<u>290</u>

7.3 Further, the above balance is stated at its nominal value as the financial effect of writing it down to its fair value is not material.

7.4 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150A, 151 and 233 of ITO 2001. However, the Federal Board of Revenue has made it mandatory to obtain exemption certificates under section 159(1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the year the Fund got the exemption certificate. Prior to receiving tax exemption certificate(s) from CIR various withholding agents had deducted advance tax under ITO 2001. The management is confident that the same shall be refunded to the Fund.

8. DEFERRED FORMATION COST

As at 01 July 2017		930	1,514
Transferred to Management Company during the year		(584)	(584)
Amortised to the income statement during the year		-	-
As at 30 June 2018	7.2	<u>346</u>	<u>930</u>

9. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	9.1	64	80
Security deposit paid to Central Depository Company of Pakistan Limited by the Management Company on behalf of the Fund		100	100
Initial deposit on the opening of the Fund bank account paid by the Management Company on behalf of the Fund		10	10
		<u>174</u>	<u>190</u>

9.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to remuneration equal to an amount not exceeding 2% of average annual net assets. Management Company has charged remuneration at the following rates during the year ended 30 June 2017:

- 01 July 2017 to 06 August 2017 at 1% of average daily net assets of the Fund.
- 07 August 2017 to 30 June 2018 at of 0.75% of average daily net assets of the Fund.

Details of the movement in the balance payable to the management company is as follows:

Balance as of 1 July	80	42
Remuneration for the year	806	1,096
Paid during the year	(822)	1,096
Balance as of 30 June	<u>64</u>	<u>80</u>

9.2 Under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 fees and expenses for registrar services, accounting, operation and valuation services relating to the Fund up to a maximum of 0.1% of the average annual net assets of the Fund or actual expense, whichever is less, shall be payable by the Fund to the Management Company.

However, above mentioned expenses have not been charged by the Management Company to the Fund to protect the interest of the unit holders of the Fund. Above expenses, had it been charged to the Fund, would not have been material.

PIML Islamic Income Fund

10. REMUNERATION PAYABLE TO THE TRUSTEE

Central Depository Company of Pakistan Limited (The Trustee) is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

- up to rupees one billion	0.17% per annum of the daily net assets
- up to 1 billion to 10 billion	Rs. 1,500,000 plus 0.075% per annum of the daily net assets of the Fund exceeding rupees one billion.
- above 10 billion	Rs. 8,250,000 plus 0.06% per annum of the daily net assets of the Fund exceeding rupees ten billion.

Details of the movement in the balance payable to the trustee is as follows:

	2018	2017
	(Rupees in '000)	
Balance as of 1 July	13	29
Remuneration for the year	177	438
Paid during the year	(176)	(454)
Balance as of 30 June	<u>14</u>	<u>13</u>

11. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.075% per annum of the average daily net assets

of the Fund in accordance with the regulations 62 of the NBFC Regulation 2008.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2018	2017
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	12.1	342	256
Federal Excise Duty payable on Management Company's remuneration	12.2	339	339
Sindh Sales Tax payable on Management Company's remuneration	12.3	45	48
Sindh sales tax payable on Trustee remuneration		2	2
Auditors' remuneration payable		151	170
Shariah advisory fee		51	51
Printing and Stationary		33	38
Other payables		128	246
		<u>1,091</u>	<u>1,150</u>

12.1 Provision for Sindh Workers Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

Pursuant to above MUFAP recommended that the entire provision of Rs. 0.152 million against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017.

The total provision for SWWF till 30 June 2018 is Rs. 0.342 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 0.36 per unit.

PIML Islamic Income Fund

Furthermore, on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition with the SCP against the said judgment, which is pending hearing. While the petitions filed by the Collective Investment Schemes (CISs) on the matter are still pending before the Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Above decisions regarding the reversal and the recognition of SWWF were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

- 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 04 September 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. The amount is payable to management company for onwards payment to government.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained provision for FED aggregating to Rs. 0.339 million. Had the provision not been made, NAV per unit of the Fund as at 30 June 2018 would have been higher by Rs. 0.36 per unit (June 2017: 0.94 per unit).

- 12.3** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2017: 13%) on Management Company's remuneration. Above liability includes Rs. 23,586 (2017: Rs. 23,586) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 12.2 above. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 0.025 (2017: Re. 0.066) per unit. The amount is payable to management company for onwards payment to government.

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies at the year end except as those mentioned else where in these financial statements.

14. UNIT HOLDERS FUND AND NUMBER OF UNITS IN ISSUE

Details of the movement in the units in issue during the year are as follows:

	2018	2017
	(Number)	
Total units in issue at beginning of the year	359,591	2,762,856
Issued during the year	1,290,923	20,354,993
Redemptions during the year	(710,946)	(22,758,258)
Total units in issue at end of the year	<u>939,568</u>	<u>359,591</u>

15. AUDITORS' REMUNERATION

	2018	2017
	(Rupees in '000)	
Annual audit fee	98	98
Fee for the review of half yearly financial statements	58	58
Fee for the review of the statement of compliance with the best practices of Code of Corporate Governance	-	15
Report on Statements of net income and gains, etc.	30	30
Out of pocket expenses	38	65
	<u>224</u>	<u>266</u>

PIML Islamic Income Fund

16. TOTAL EXPENSE RATIO (TER)

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 2.35% per annum. Total expense ratio (excluding government levies) is 2% per annum. As per the NBFC Regulations, 2008 total expense ratio of the Income Scheme shall be capped upto 2% (excluding the government levies). During the year the actual TER was in excess of the above limit, the Fund has classified the excess expense as a receivable from the Management Company (refer note no.7.1) which will be settled independently of the balance due to the Management Company.

17. TAXATION

The income of the Fund is exempt from income tax under 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 to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 4.14) explained above, no provision for taxation has been made in these financial statements. The Management Company on 06 July 2018 (refer note 21.8) has declared distribution 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.

18. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	----- (Rupees '000) -----		
Opening balance as at 1 July 2017	-	-	-
Receivable against issuance of units	131,489	-	131,489
Payable against redemption of units	-	73,096	73,096
	131,489	73,096	204,584
Amount received on issuance of units	(131,489)	-	(131,489)
Amount paid on redemption of units	-	(73,096)	(73,096)
	(131,489)	(73,096)	(204,584)
Closing balance as at 30 June 2018	-	-	-

19. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include AWT Investments Limited being the Management Company, Central Depository Company of Pakistan Limited being the trustee, Army Welfare Trust which is the parent entity of the Management Company, Pak Brunei Investment Company Limited which is the associated company of the Management Company, other funds managed by the Management Company, associated companies (if any) of the management company / parent entity of the management company, entities in which the above parties or their connected persons have a material interest, Key Management Personnel and includes entities holding 10% or more units of the Fund as at 30 June 2018. It also includes the staff retirement benefit funds of the above related parties / connected persons. Details of the transactions and balances with the related parties / connected persons, other than those which has been disclosed elsewhere are as follows:

PIML Islamic Income Fund

19.1 Balances with related parties / connected persons as at year end		2018	2017
		(Rupees in '000)	
AWT Investments Limited - Management Company of the Fund			
Remuneration payable to the Management Company	9.1	<u>64</u>	<u>80</u>
Preliminary and floatation costs payable to Management Company	9	<u>110</u>	<u>110</u>
Preliminary and floatation costs receivable from Management Company	8.2	<u>437</u>	<u>290</u>
Front End Load payable		<u>-</u>	<u>33</u>
Units held - 535,037 (2017: Nil)-{representing 56.94% of net assets as at 30 June 2018}	19.5	<u>56,414</u>	<u>-</u>
Expense charged to the management company	7.1	<u>129</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration of the Trustee	10	<u>14</u>	<u>13</u>
Pak Brunei Investment Company Limited - associated company of the Management Company			
Units held - 100,662 (2017: Nil) (representing 10.71% of net assets as at 30 June 2018)	19.5	<u>10,614</u>	<u>-</u>
Entities holding 10% or more than 10% of units of the Fund			
Units held - Nil (2017: 144,223) units		<u>-</u>	<u>14,603</u>
Key Management Personnel			
Units held - 107,923 (2017: 2,604) Units (representing 11.49% of net assets as at 30 June 2018)	19.5	<u>11,379</u>	<u>213</u>
19.2 Details of transactions with related parties / connected persons during the year			
AWT Investments Limited - Management Company of the Fund			
Issuance of 535,037 units (2017: 1,354,919 units)		<u>54,167</u>	<u>139,626</u>
Redemption of Nil units (2017: 1,354,919 units)		<u>-</u>	<u>140,270</u>
Remuneration of Management Company	9.1 & 19.3	<u>806</u>	<u>1,096</u>
Front End Load		<u>-</u>	<u>84</u>
Gain on redemption of units - net (earned by the investor)		<u>-</u>	<u>644</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration of the Trustee	10 & 19.3	<u>177</u>	<u>438</u>
Security charges	8	<u>100</u>	<u>100</u>
Settlement charges		<u>7</u>	<u>8</u>
Pak Brunei Investment Company Limited - associated company of the Management Company			
Dividend paid		<u>-</u>	<u>7,334</u>
Issuance of 100,662 units (2017: 483,438 units)		<u>10,230</u>	<u>50,000</u>
Redemption of Nil units (2017: 2,866,197 units)		<u>-</u>	<u>294,761</u>
Gain on redemption of units - (net earned by the investor)		<u>-</u>	<u>122</u>

PIML Islamic Income Fund

	2018	2017
	(Rupees in '000)	
Entities holding 10% or more than 10% of units of the Fund		
Issue of units Nil units (2017: 658,555 units)	-	66,761
Redemption of 144,223 units (2017: 514,332 units)	<u>14,960</u>	<u>53,035</u>
Gain on redemption of units - (net earned by the investor)	<u>153</u>	<u>895</u>
Key Management Personnel		
Issue of 107,873 units (2017: 53,568 units)	<u>11,020</u>	<u>5,565</u>
Redemption of 2,554 units (2017: 53,616 units)	<u>264</u>	<u>5,585</u>
Gain on redemption of units -net (earned by investors)	<u>1</u>	<u>15</u>
Cash dividend (gross of tax)	<u>-</u>	<u>11</u>

19.3 Remuneration payable to the Management Company and the Trustee has been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

19.4 Purchase and redemption of units of the Fund by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

19.5 This reflects the position of related party / connected person status as of 30 June 2018.

20 FINANCIAL RISK MANAGEMENT

The Fund has exposure to following risks from financial instruments:

- credit risk (Refer note 21.1)
- liquidity risk (Refer note 21.2)
- market risk (Refer note 21.3)

Risk management framework

The Board of directors of the Management Company has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on the limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how the management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

20.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of securities and security deposits.

The carrying amount of financial assets represents the maximum credit exposure.

PIML Islamic Income Fund

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at 30 June was as follows:

	2018		2017	
	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure
----- (Rupees in '000) -----				
Bank balances (including profit due)	68,816	68,816	21,799	21,799
Investments (including profit due)	30,183	30,183	14,220	14,220
Security deposit and other receivable	666	666	390	390
	<u>99,665</u>	<u>99,665</u>	<u>36,409</u>	<u>36,409</u>

Bank balances

The Fund's cash and cash equivalents at 30 June 2018 with banks having following credit ratings:

Rating	2018	2017	2018	2017
	(Rupees in '000)		(%)	
A1+	304	21,793	0.44	99.97
A1	68,443	6	99.46	0.03
A-1+	60	-	0.09	-
A-1	9	-	0.01	-
Total balance including profit due	<u>68,816</u>	<u>21,799</u>	<u>100</u>	<u>100.00</u>

Above ratings are on the basis of available ratings assigned by PACRA and JCR-VIS.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affects the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

PIML Islamic Income Fund

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2018		2017	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including accrued profit)	68,816	69.05	21,799	59.87
Pharmaceutical	15,107	15.15	-	-
Micro Finance	15,076	15.13	-	-
Electronics and consumer goods	-	-	14,220	39.06
Receivable from the Management Company	566	0.57	290	0.80
Central Depository Company Pakistan Limited - security deposit	100	0.10	100	0.27
	99,665	100.00	36,409	100.00

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2018. All financial assets of the Fund as at 30 June 2018 are unsecured.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments and other financial instruments that are traded in an active market and can be readily disposed. As a result, the Fund may be able to liquidate quickly its investment in these instruments at an amount close to their fair value to meet its liquidity requirement. Currently all financial assets of the Fund are held in Bank accounts.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the period. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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.

Maturity analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

PIML Islamic Income Fund

	Contractual cash flows	
	Carrying amount	Less than 1 month
	(Rupees in '000)	
30 June 2018		
<i>Non-derivative liabilities (excluding unit holders' fund)</i>		
Payable to the Management Company	174	174
Remuneration payable to the Trustee	14	14
Accrued expenses and other liabilities*	363	363
	551	551
Unit holders' fund	99,072	99,072
	Contractual cash flows	
	Carrying amount	Less than 1 month
	(Rupees in '000)	
30 June 2017		
<i>Non-derivative liabilities (excluding unit holders' fund)</i>		
Payable to the Management Company	190	190
Remuneration payable to the Trustee	13	13
Accrued expenses and other liabilities*	505	505
	708	708
Unit holders' fund	36,410	36,410

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company's remuneration, Sindh sales tax payable on Trustee's remuneration, annual fee payable to Securities and Exchange Commission of Pakistan and withholding tax payable.

Above financial liabilities do not carry any mark-up and are unsecured.

20.3 Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

At 30 June 2018, the Fund was exposed to interest rate and price risks only.

20.3.1 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 interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

Interest rate profile of the Fund's interest-bearing financial instruments as reported to the management of the Fund is as follows:

PIML Islamic Income Fund

	2018	2017
	(Rupees in '000)	
Variable rate instruments		
Financial assets (bank balances)	68,407	21,412
Financial assets (Sukuks)	<u>15,000</u>	<u>14,098</u>
	<u>83,407</u>	<u>35,510</u>
Fixed rate instruments		
Financial assets (Term deposit certificates)	<u>15,000</u>	<u>-</u>

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the unit holders fund and the income statement by Rs. 0.834 million (2017: Rs. 0.355 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Sensitivity analysis for fixed rate instruments

The Company does not account for term deposit receipt (fixed rate financial asset) at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect net assets of the fund.

Bank balances are repriced by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the other assets and Fund's liabilities are exposed to interest rate risk.

20.3.2 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate 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. A 5% increase or decrease in the sukuk certificates of Rs. 15 million at the year end would have increased or decreased the Income statement by Rs. 0.75 million.

20.4 Unit holder's fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units. Refer notes 14 also for the relevant details.

20.5 Accounting classifications and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 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 value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (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:

PIML Islamic Income Fund

	Note	Carrying amount			Fair value			
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
----- (Rupees in '000) -----								
30 June 2018								
Financial assets measured at fair value								
Investments (non - traded)	6	15,000	-	-	15,000	-	-	-
Financial assets not measured at fair value								
20.5.1								
Bank balances	5	-	68,407	-	68,407	-	-	-
Investment (Term Deposit Receipt)		-	15,000	-	15,000	-	-	-
Security deposit and other receivables	7	-	1,258	-	1,258	-	-	-
		-	84,665	-	84,665	-	-	-
Financial liabilities not measured at fair value								
20.5.1								
Payable to the Management Company	9	-	-	174	174	-	-	-
Remuneration payable to the Trustee	10	-	-	14	14	-	-	-
Accrued expenses and other liabilities		-	-	363	363	-	-	-
		-	-	551	551	-	-	-

	Note	Carrying amount			Fair value			
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
----- (Rupees in '000) -----								
30 June 2017								
Financial assets measured at fair value								
Investments - Government securities	6	14,098	-	-	14,098	-	14,098	14,098
Financial assets not measured at fair value								
20.5.1								
Bank balances	5	-	21,416	-	21,416	-	-	-
Security deposit and other receivables	7	-	895	-	895	-	-	-
		-	22,311	-	22,311	-	-	-
Financial liabilities not measured at fair value								
20.5.1								
Payable to the Management Company	9	-	-	190	190	-	-	-
Remuneration payable to the Trustee	10	-	-	13	13	-	-	-
Accrued expenses and other liabilities		-	-	505	505	-	-	-
		-	-	708	708	-	-	-

20.5.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature (except as mentioned in note 8.3) or repriced periodically. Therefore, their carrying amounts are reasonable approximation of their fair values.

PIML Islamic Income Fund

21 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, members of the Investment Committee, fund manager, meetings of the Board of Directors, credit rating of the Fund and the Management Company of the Fund as required under Schedule V of Non Banking Finance Companies and Notified Entities Regulations, 2008 are as follows:

21.1 Unit holding pattern of Fund

Category	2018		
	Number of unit holders	Investment amount	Percentage of investment
	(Rupees in '000)		---- (%) ---
Individuals	257	20,658	20.85%
Associates	5	78,411	79.14%
Banks	2	1	0.00%
Others	1	2	0.00%
	265	99,072	100.00%

Category	2017		
	Number of unit holders	Investment amount	Percentage of investment
	(Rupees in '000)		---- (%) ---
Individuals	224	22,767	62.53%
Insurance Company	1	10,098	27.73%
Banks	1	1	0.00%
Retirement Funds	1	3,545	9.74%
	227	36,410	100.00%

21.2 Members of the investment committee

Following are the members of investment committee:

Mr. Salman H Sheikh - Chief Executive Officer
 Mr. Hamza Saboor - Chief Financial Officer
 Mr. Basharat Ullah Khan - Chief Investment Officer
 Mr. Imran Rahim Khan - Fund Manager
 Mr. Muhammad Saeed Khalid - Acting Head of Research.
 Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Salman Haider - Chief Executive Officer

Mr. Salman Haider has over 20 years of Investment Management experience including almost 10 years on Wall Street starting with Merrill Lynch in 1996 along with Janney and Wachovia-Wells Fargo. He has held series 7 and series 63 licenses with life & health insurance licenses of NASD in New York to develop and invest in diverse investment products including securities, debentures, futures & options, commodities and annuitized insurance investment plans. Mr. Salman Haider has vast experience in Investment Banking and Asset Management arenas and has headed Faysal Asset Management Ltd in Pakistan from 2005 till 2012 growing profits of the company by over 600% and asset base from PKR 1 Billion to PKR 13 Billion. Mr. Haider holds a bachelors in Finance from Rutgers University USA, an MBA from University of London UK and an executive leadership graduate certification from Cornell University, USA.

Mr. Hamza Saboor - Chief Financial Officer

Mr. Hamza Saboor is an associate member of the Institute of Chartered Accountant of Pakistan (ICAP) and currently pursuing Institute of Chartered Accountant in England and Wales (ICAEW) qualification. He has more than 07 years of work experience ranging from Multinational Audit firm, Financial Consultancy and Microfinance Bank. He started his career from KPMG Taseer Hadi & Co. specializing in Audit and Assurance services, Business Processing Outsourced and Risk Advisory in versatile industries specially the financial sector, which included statutory and financial audits, reviews and other engagements of reputable multinational and local organizations. He later served in the finance department of Pak Oman Microfinance Bank Limited.

PIML Islamic Income Fund

Mr. Basharat Ullah Khan - Chief Investment Officer

Mr. Basharat Ullah is heading the Fund Management division of AWT Investments. He has extensive experience of 25 years in Pakistani capital markets primarily in the field of investment management and buy/sell side research. He has worked in both asset management and brokerage industry, with 11 years in the mutual fund sector where he headed fund management divisions in two asset management companies- Arif Habib Investments and Askari Investments. In brokerage, he served as head of research, heading the equity desk and also as Chief Executive of a company. He has MSc in Economics.

Mr. Imran Rahim Khan - Fund Manager

Mr. Imran Rahim Khan is a seasoned professional with over 20-years of experience, which were spent in the field of Treasury and Funds Management. During his experience, he had the privilege of working for Prime Commercial Bank Ltd, ABN-AMRO Bank Pakistan, Noman Abid Investment Management Ltd, Pearl Securities Ltd and Pak-Oman Asset Management Company (a joint venture between Pak Oman Investment Company Limited, Oman National Investment Corporation, Bank Muscat and NLC (SRBF), Vector Capital Ltd and now AWT Investment Management Ltd (a joint venture of AWT investments and Pak Brunei Investment Company Ltd). He has a solid working experience in managing both conventional and Islamic Fixed Income/Equity funds. During his professional life and career he had an exposure of Forex market when in Commercial Banks and of equity market when he was Chief Investment Officer in Noman Abid Investments Ltd. Besides he is an MBA in Banking & Finance as well as MA in (Economics) from Karachi University. He has also completed PGD in Islamic Banking & Finance from Shaikh Zayed Islamic Centre University of Karachi and stage III candidate of JAIBP.

Mr Muhammad Saeed Khalid - Acting Head of Research

Mr. Saeed Khalid is a professional Financial Analyst serving the PIML for more than 2 year. Mr. Saeed is a part qualified ACCA from Association of Chartered Certified Accountants (UK). He is also an M.A. in Economics from University of Karachi. Mr. Saeed has served Shajar Capital Pakistan Pvt. Ltd. for more than 3 years. He has also worked with Admore Gas Pvt. Ltd. as an executive in Risk & Compliance department. He has provided his expertise while working in the leading brokerage houses of Pakistan i.e. Invest Capital Investment Bank Limited and Ismail Iqbal Securities Pvt. Ltd.

Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Asif has over 12 years of Professional experience in Compliance, Audit and Assurance. Prior to joining PIML, he served in Pak Oman Asset Management Company Limited as Compliance Officer. He also worked with Riaz MSB Limited (UK) and Riaz Ahmad, Saqib Gohar & Co (Chartered Accountants). He has done Bachelors in Accounts & Finance from UK.

21.3 Manager of the Fund

Mr. Imran Rahim Khan - Fund Manager

For details, refer note 21.2 above.

21.4 Directors meeting attendances

Following are the dates and name of persons who attended the meeting of the board of directors during the year:

Name of directors	For the year ended 30 June 2018				
	Dates meeting attended	26 Sep 17	27 Oct 17	27 Feb 18	27 Apr 18
Lt. General Khalid Rabbani (Retd)*	2	1	1	N/A	N/A
Major General Syed Taqi Naseer Rizvi (Retd)*	2	1	1	N/A	N/A
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Istaqbal Mehdi*	3	1	1	-	1
Mr. Ahmed Ateeq*	3	1	1	1	N/A
Mr. Salman Haider	4	1	1	1	1
Lt. General Najib Ullah Khan (Retd.)**	2	N/A	N/A	1	1
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	1
Mr. Malik Riffat Mehmood	-	N/A	N/A	N/A	N/A
Ms. Maleeha Humayun Bangash	-	N/A	N/A	N/A	N/A
Members attended		6	6	4	5

* Mr. Istaqbal Mehdi was appointed on 01 August 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), resigned on 16th January 2018 and 31 January 2018 respectively. Mr. Ahmed Ateeq resigned on 24th April 2018.

** The causal vacancies were then filled through appointment of Lt. General Najib Ullah Khan (Retd.) on 17th January 2018 and Major General Akhtar Iqbal (Retd.) on 1st February 2018.

*** The tenure of the present Board of Directors expired on 30 April 2018 and new Board was elected through election of director in EOGM held on 30 April 2018.

PIML Islamic Income Fund

Name of directors	Dates meeting attended	For the year ended 30 June 2017					
		09 Aug 16	21 Oct 16	22 Dec 16	24 Feb 17	15 May 17	# 08 Jun 17
Mr. Khalid Aziz Mirza	6	1	1	1	1	1	1
Ms. Ayesha Aziz	4	1	1	1	-	1	-
Mr. Zafar Iqbal Sobani	5	1	1	1	1	1	-
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1	-	-
Mr. Ahmed Ateeq	6	1	1	1	1	1	1
Mr. Salman Haider *	2	N/A	N/A	N/A	N/A	1	1
Lt. General Khalid Rabbani (Retd) *	1	N/A	N/A	N/A	N/A	N/A	1
Major General Syed Taqi Naseer Rizvi (Retd) *	-	N/A	N/A	N/A	N/A	N/A	-
Mr. Tariq Iqbal Khan *	1	N/A	N/A	N/A	N/A	N/A	1
Members attended		5	5	5	4	5	5

* Mr. Salman Haider was appointed on 18 April 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), Major General Syed Taqi Naseer Rizvi (Retd) and Mr. Tariq Iqbal Khan were appointed on 17 May 2017.

21.5 Audit Committee meeting attendances

Following are the dates and name of persons who attended the meeting of the audit committee during the year:

Name of directors	Dates meeting attended	For the year ended 30 June 2018			
		26 Sep 17	27 Oct 17	27 Feb 18	27 Apr 18
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Ahmed Ateeq	3	1	1	1	1
Major General Syed Taqi Naseer Rizvi (Retd)	2	1	1	N/A	N/A
Major General Akhtar Iqbal (Retd.)	1	N/A	N/A	N/A	N/A
Members attended		3	3	2	2

Name of directors	Dates meeting attended	For the year ended 30 June 2017			
		09 Aug 16	21 Oct 16	24 Feb 17	15 May 17
Mr. Khalid Aziz Mirza	4	1	1	1	1
Mr. Zafar Iqbal Sobani	4	1	1	1	1
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1
Members attended		3	3	3	3

21.6 Human resource and remuneration meeting attendances

Following are the date and name of persons who attended the meeting of Human Resource and Remuneration during the year:

For the year ended 30 June 2018

Name of Directors	Dates Meeting attended	15 Jun 17	17 Oct 17	29 Nov 17
Mr. Major General (r) Syed Taqi Naseer Rizvi	2	1	1	1
Mr. Istaqbal Mehdi	2	1	1	1
Mr. Salman Haider Shaikh	2	1	1	1
		3	3	3

PIML Islamic Income Fund

For the year ended 30 June 2017

Name of Directors	Dates Meeting attended	22-Dec-16	15-Jun-17
Mr. Khalid Aziz Mirza	1	1	N/A
Ms. Ayesha Aziz	1	1	N/A
Mr. Ateeq Ahmed	2	1	1
Major General Syed Taqi Naseer Rizvi (ret)	1	N/A	1
Mr. Salman Haider	1	N/A	1
		<u>3</u>	<u>3</u>

21.7 Fund and Asset Manager Rating

The Pakistan credit Rating agency (PACRA) has assigned stability rating of "A(f) to the Fund as of 30 June 2018.

The JCR VIS Credit Rating Company Limited (JCR VIS) vide its press release dated 15 December 2016 has assigned rating of AM3+ to the Management Company and has placed the Company under 'Rating Watch - Developing' status.

21.8 SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors on 06 July 2018 has approved a final distribution of Rs. 3.71 per unit (for full year). The aggregate cash distribution is Rs. 2.988 million in addition to refund of capital / element of income by issuing 4,884 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP).

The financial statements of the Fund for the year ended 30 June 2018 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on **September 24, 2018**.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**PIML
ISLAMIC EQUITY FUND**

table of contents

153	Funds' Information
155	Directors' Report to the Unit holders (English)
158	Directors' Report to the Unit holders (Urdu)
161	Fund Manager's Report
165	Performance Table / Key Financial Data
166	Report of Shariah Advisor
167	Statement of Compliance with Shariah Principles
168	Independent Assurance Provider's Report on Shariah Compliance
170	Trustee Report to the Unit Holders
171	Independent Auditors' Report to the Unit Holders
176	Statement of Assets and Liabilities
177	Income Statement
178	Statement of Comprehensive Income
179	Cash Flow Statement
180	Statement of Movement in Unit Holders' Fund
181	Notes to the Financial Statements

FUND'S INFORMATION

Management Company	AWT Investments Limited 3rd Floor, AWT Plaza I.I Chundrigar Road, Karachi	
Board of Directors	Lt. General Najib Ullah Khan (Retd.) Maj. General Akhtar Iqbal (Retd.) Mr. Tariq Iqbal Khan Mr. Malik Riffat Mehmood Ms Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Director Director Director Director Chief Executive Officer
Chief Financial Officer	Mr. Hamza Saboor	
Company Secretary	Mr. Naveed ul Islam	
Audit Committee	Mr. Tariq Iqbal Khan Maj. General Akhtar Iqbal (Retd.) Mr. Malik Riffat Mehmood	Chairman Member Member
HR Committee	Maj. General Akhtar Iqbal (Retd.) Ms Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Member Member
Trustee	Central Depository Company of Pakistan Limited DC House, 99B, Block-B, SMCHS, Main Shahra-e-Faisal, Karachi	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi. 75530	
Legal Advisors	Mohsin Tayebaly & Co. 2nd Floor, Dime Centre, BC-4 Block-9, Kehkashan, Clifton, Karachi	
Bankers	Habib Bank Limited (Islamic Banking) Bank Al-Falah Limited (Islamic Banking) Al-Baraka Bank (Pakistan) Limited (Islamic Banking) Soneri Bank Limited (Islamic Banking) Askari Bank Limited (Islamic Banking) BankIslami Pakistan Limited	
Shariah Advisor	Al-Hilal Shariah Advisors(Pvt) Limited 3rd Floor Razi Tower ,BC-13, Block-9 KDA Scheme No.5, Clifton, Karachi.	

This Page Has Been Intentionally Left Blank

DIRECTORS'
REPORT TO THE UNIT HOLDERS

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of AWT Investments Limited the Management Company of PIML- Islamic Equity Fund ("the Fund"), is pleased to present the annual financial statements for the year ended June 30, 2018.

REVIEW OF FUND PERFORMANCE

During FY18, Islamic Equity Fund has posted a negative return of 21.45% when compared to FY18 KMI-30 benchmark negative performance of 9.59%. Equities delivered negative return in 2018 after six consecutive years of positive returns with seven years of cumulative average return at 17%. Stocks that contributed large part in the negative return were LUCK, PAEL, INIL, DGKC, CHCC and PSMC. Out of this PAEL, CHCC and PSMC have been offloaded during the year. Stocks in the portfolio which outperformed during the year were OGDC, PSO, ENGRO, MEBL and EPCL. Net assets of the fund declined to PKR 111.45mn in the year FY18 compared to PKR 236.44mn by the end of FY17 mainly due to heavy redemptions in the fund. The fund's Net Asset Value on June 30, 2018 was PKR 107.38.

ECONOMIC OUTLOOK

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

EQUITY MARKET REVIEW

Stock market finished FY18 down 10% to 41,910.90 (from FY17 end level of 46,565.29). Market fell 18% by December 2017 and made a low near 38,000 amid deepening political crises following the disqualification of former Prime Minister Nawaz Sharif in July 2017 by the Supreme Court. During this time, key macroeconomic indicators started to reverse as government resorted to high domestic and external borrowings. Stock market managed to bounce back in subsequent months and recovered most of its losses by April 2018 (ahead of annual budget announcement with many tax concessions), however, the market reversed its course once again amid falling rupee, rising interest rates and falling external reserves which led to increased foreign selling. Sectors which outperformed during the year were oil & gas exploration (increase in international oil prices), oil and gas marketing companies, Fertilizer (increase in prices and improvement in margins), textiles (fall in rupee). Sectors which underperformed were cement (decline in margins due to rise in coal prices), autos (decline in margins due to fall in rupee and increase in steel prices), steel (decline in margins), Pharmaceutical (expensive imports due to fall in rupee and price controls) and Power companies (less attractive dividend yields due to increase in interest rates).

MANAGEMENT QUALITY RATING

The JCR-VIS Credit Rating Company Limited has reaffirmed Management Quality Rating of "AM3+" 'with Rating Watch-Developing' to AWT Investments Limited on December 15, 2016. The rating denotes high management quality of the Management Company.

PIML Islamic Equity Fund

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also wish to express gratitude to the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Rawalpindi: September 24, 2018

Chief Executive Officer

Director

پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ - اسلامک ایکویٹی فنڈ

ڈائریکٹرز رپورٹ برائے پورٹ فولڈرز

AWT انویسٹمنٹس لمیٹڈ (پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ) کے بورڈ آف ڈائریکٹرز جو کہ پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ - اسلامک ایکویٹی فنڈ (فنڈ) کی انتظامی کمپنی ہے، 30 جون 2018 کو اختتام پذیر ہونے والے اختتام پذیر ہونے والے سال کا سالانہ مالیاتی گوشوارہ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہی ہے۔

فنڈ کی کارکردگی کا جائزہ

مالی سال 18 میں IEF نے 21.45 فی صد مثبت منافع حاصل کیا۔ برعکس 30-FY18 KMI مارکیٹ پر فارمنس کے ساتھ 9.59 فی صد رہا۔ ایکویٹی نے 2018 میں منفی ریٹرن کا مظاہرہ کیا جب کہ گذشتہ چھ سالوں سے مثبت منافع ظاہر کیا گیا۔ اور سات سالوں کی مجموعی اوسط منافع 17 فی صد رہا۔ تاہم کارکردگی کا مظاہرہ کرنے والی کمپنیوں میں INIL، PAEL، LUCK، CHCC، DGKC اور PSMC شامل ہیں۔ ان میں سے PAEL، CHCC اور PSMC نے سال کے دوران فنڈ میں مثبت انداز میں کارکردگی کا مظاہرہ کیا ان میں بالخصوص ENGRO، EPCL، OGDC، MEBL اور PSO شامل ہیں۔ مالی سال 18 میں فنڈ کے خالص اثاثوں کی مالیت کم ہو کر 111.45 ملین پاکستانی روپے تھی، جب کہ مالی سال 17 کے اختتام تک 236.44 ملین پاکستانی روپے تھی جو فنڈ میں بھاری کمی کی وجہ سے ہوئی۔ 30 جون 2018 میں فنڈ کے خالص اثاثوں کی مالیت 107.38 پاکستانی روپے تھی۔

معاشی توقعات

مالی سال 2018 کے دوران، پاکستانی معیشت بیرونی طور پر ٹھیک بحران اور تنزلی کا شکار نظر آئی۔ موجودہ مالی خسارہ 42.57 فی صد تک جا پہنچا جو 17.99 بلین امریکی ڈالر تھا جب کہ مالی سال 17 میں 12.62 بلین امریکی تھا۔ جب کہ اسی دوران ملکی زر مبادلہ کے ذخائر میں 23 فی صد (5 بلین امریکی ڈالر) کمی ہو کر 16.4 بلین امریکی ڈالر رہ گئی۔ مالی سال 2018 کے دوران، کرنٹ اکاؤنٹ کا خسارہ بہت زیادہ بڑھ گیا اس کی وجہ سے 36 بلین امریکی ڈالر کا ٹھیک تجارتی خسارہ شامل ہے۔

مالی سال 18 کے دوران CPI کی اوسط 3.92 فی صد تھی سال بہ سال برعکس مالی سال 17 کے دوران جب یہ اوسط 4.16 فی صد تھی۔ گذشتہ چند مہینوں میں افراط زر کی شرح میں جون کے مقابلے میں 5.21 فی صد اضافہ کیے میں آیا۔ افراط زر کی شرح میں اس اضافے کی وجہ بین الاقوامی تیل کی قیمتوں میں اضافہ اور پاکستانی روپے کی قدر میں کمی ہے۔ حالیہ مہینوں میں افراط زر کی شرح میں اضافہ آئندہ بھی جاری رہنے کی توقع ہے کیوں کہ ملک میں مہنگائی اور ایشیا کی قیمتوں میں اضافہ اس کے دباؤ میں مزید بڑھانے کا۔ SBP نے پالیسی ریٹ پر نئی کو جاری رکھا ہے اور مالی سال 18 کے آخری حصے میں دو مرتبہ کل 75 پیسے اضافے کے بعد 6.5 فی صد اضافہ کیا۔ (14 جولائی 2018 میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں مزید 100 پیسوں یعنی 7.5 فی صد کا اضافہ کیا۔

FDI مالی سال 18 میں سال بہ سال 0.76 فی صد نمو حاصل کی جو کہ 2.77 بلین امریکی ڈالر ہوتے ہیں جب کہ اس کے مقابلے میں FDI مالی سال 17 میں 2.75 امریکی ڈالر تھی۔ مالی سال 18 میں اہم ترین سرمایہ کاری (بالخصوص سی پیک کے پرنیکلس کے لیے) چین کی جانب سے کی گئی جس کا حجم 1.58 بلین امریکی ڈالر تھا، یو کے کی جانب سے 279 ملین امریکی ڈالر، امریکا 92 ملین امریکی ڈالر اور سوئٹزر لینڈ 88 ملین امریکی ڈالر کی سرمایہ کاری کی گئی۔

LSM کے اعداد مالی سال 4QFY18 میں مندی کا اشارہ دے رہے ہیں۔ بڑے پیمانے پر میٹو فگرنگ انڈیکس میں مندی کا رجحان دیکھنے میں آیا۔ جو مئی 18 ماہ ماہ میں 11.64 فی صد تھا۔ LSM کے اعداد و شمار میں مندی بالخصوص فریڈلٹرز اور لیڈر پروڈکٹس کے شعبوں میں دیکھنے میں آئی جو مئی 18 میں 1.87 فی صد ماہ ماہ اور 0.33 فی صد ماہ ماہ تھی۔ جب کہ 11MFY18 کی بنیاد پر LSM میں 6 فی صد سال بہ سال کی نمو حاصل کی برعکس 11MFY17 کے۔

ایکیویٹی مارکیٹ کا جائزہ

اسٹاک مارکیٹ نے مئی سال 18 میں 10 فی صد کی مندی کے ساتھ اختتام کیا جو کہ 41,910.90 (مئی سال 17 کی اختتامی سطح 46,565.29) تھی۔ مارکیٹ میں دسمبر 2017 تک 18 فی صد کی مندی دیکھنے میں آئی اور 38,000 پوائنٹس کم ہو گئے اس ضمن میں سپریم کورٹ کی جانب سے جولائی 2017 میں سابق وزیر اعظم کی برطرفی کے بعد مارکیٹ میں انتہائی مندی کا رجحان دیکھنے میں آیا۔ اس وقت اہم مائیکرو اکنامک اشاریے واپسی کی جانب مڑنا شروع ہو گئے تھے کیوں کہ حکومت اندرونی اور بیرونی قرضوں پر انحصار کر رہی تھی۔

اسٹاک مارکیٹ نے اپریل 18 تک خود کو مستحیال کر آنے والے مہینوں میں اپنے زیادہ تر نقصانات کی تلافی کر لی۔ (سالانہ بجٹ کے اعلان سے پہلے جس میں بہت سے ٹیکس نافذ کیے گئے)۔ بہر حال مارکیٹ نے روپے کی گرتی ہوئی قدر، سود کی شرح میں اضافے اور زرمبادلہ کے بیرونی ذخائر میں کمی جس کے باعث بیرونی سرمایہ کاری کے اخلاء جیسے مسائل میں بھی اپنے وقار کو از سر نو بحال کیا۔ جن ٹیکٹروں نے سال کے دوران بہترین کارکردگی کا مظاہرہ کیا ان میں آئی سی اور گیس تلاش کرنے والی کمپنیاں (بین الاقوامی طور پر تیل کی قیمتوں میں اضافے)، آئی سی اور گیس مارکیٹنگ کمپنیاں، گھاد (قیمتوں اور مارجن میں بہتری کا عنصر)، ٹیکسٹائل (روپے کی قدر میں کمی) شامل تھیں۔ جن ٹیکٹروں نے منفی کارکردگی کا مظاہرہ کیا ان میں سینٹ (کوئٹے کی قیمتوں میں اضافے سے مارجن میں کمی)، آلوڈ (روپے کی قدر میں کمی سے مارجن میں کمی اور آئی سی کی قیمتوں میں اضافے)، آئی سی (مارجن میں کمی)، فارماسوٹیکلز (روپے کی قدر میں کمی اور پرائس کنٹرول کے باعث مہنگی درآمدات) اور پاور کمپنیاں (شرح سود میں اضافے کے باعث کم پرنٹس ڈیوڈنڈ کا اجراء)۔

میںجنت کوآئی ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے پرائس انوسٹمنٹ میںجنت لمیٹڈ کو 15 دسمبر 2016 میں میںجنت کوآئی ریٹنگ AM3+ کے علاوہ ریٹنگ واچ۔ ڈیولپنگ سے بھی نوازا ہے۔ یہ ریٹنگ، میںجنت کمپنی کی اعلیٰ درجہ کی انتظامی خصوصیات کو ظاہر کرتی ہے۔

اعلہار شکر

میںجنت کمپنی کے بورڈ آف ڈائریکٹرز، سیکرٹریز اینڈ اینڈ ایگزیکٹو کمیشن آف پاکستان کی جانب سے قابل قدر مدد و معاونت اور رہنمائی کے لیے ان کے شکر گزار ہیں۔ علاوہ ازیں بورڈ، میںجنت کمپنی کے کارکنان اور اسٹیز کی لگن اور جفاکشی و محنت پر ان کا تہ دل سے مشکور ہے۔ بورڈ نے یونٹ ہولڈرز کی جانب سے میںجنت پر بھروسہ کرنے پر ان کا بھی شکر یہ ادا کیا۔

راولپنڈی : 24 ستمبر 2018

چیف ایگزیکٹو آفیسر

ڈائریکٹر

This Page Has Been Intentionally Left Blank

**FUND
MANAGER'S REPORT**

FUND MANAGER'S REPORT

- **Category and type of Collective Investment Scheme**

Islamic Equities Scheme/ Open end

- **Objective of Collective Investment Scheme**

The objective of PIML-IEF is to achieve long term capital growth by investing mainly in Shariah Compliant listed equity securities

- **Explanation as to whether the Collective Investment Scheme has achieved its stated objectives**

The collective investment scheme achieved its stated objectives.

- **Benchmark(s) relevant to the Collective Investment Scheme**

KMI - 30 Index

- **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Period	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Fund	-3.44%	-12.60%	0.17%	-6.27%	0.42%	0.71%	8.74%	-2.52%	-2.00%	-3.16%	-6.27%	-0.77%
BM	0.72%	-11.94%	2.49%	-5.25%	1.19%	-5.25%	8.74%	-2.02%	0.05%	5.31%	-5.25%	-2.63%
Diff	-4.15%	-0.65%	-2.32%	-1.02%	-0.77%	5.96%	0.00%	-0.50%	-2.05%	-2.15%	-1.02%	1.87%

- **Strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

During FY18, Islamic Equity Fund has posted a negative return of 21.45% when compared to FY18 KMI-30 benchmark negative performance of 9.59%. Equities delivered negative return in 2018 after six consecutive years of positive returns with seven years of cumulative average return at 17%. Net assets of the fund declined to PKR 111.45mn in the year FY18 compared to PKR 236.44mn by the end of FY17 mainly due to heavy redemptions in the fund. The fund's Net Asset Value on June 30, 2018 was PKR 107.38.

The Major loss in the portfolio was contributed by cement stocks which overall accounted for almost 47% of the total negative return of 21.45%. Other top three losing stocks were PAEL, INIL and PSMC which contributed another 23% in total losses.

During the year exposure to cement sector was slashed from 27% to 12% and this now consists exposure in Lucky cement only which we believe is perhaps among only few stocks in the sector having the potential to outperform given its position in the industry and its diversified holdings. Cement stocks we sold during the year were DGKC, MLCF, CHCC, FCCL, PIOC and KOHC.

We took exit from PAEL during the year as business prospects for the company deteriorated with significant decline in earnings. PAEL contributed 10% in the total loss of the fund during the year. Other top negative contributors in fund performance and stocks the fund took exit in the year were SNGP, GTYR, PSMC, PIBTL, DAWH, HUBC, KAPCO and KEL. Stocks which gave positive contribution in the fund's return were OGDC, PSO, ENGRO, MEBL and EPCL. Stocks which were added (or increased) in the portfolio were LUCK, OGDC, PSO, NML, PKGS, ENGRO, MEBL and NRL.

- **Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)****

Portfolio Allocation	Jun-18	Jun-17
Equity Securities	80.99%	80.17%
Cash at Bank	15.24%	16.07%
Others including receivables	3.77%	3.76%
Total	100.00%	100.00%

FUND MANAGER'S REPORT

- Collective Investment Scheme's performance**

	Fund
Sharpe Ratio*	-1.36
Treynor Ratio	-0.286

- Changes in total NAV and NAV per unit since the last review period****

	FY18	FY17
Net Assets PKR Mn	111.45	236.43
NAV/unit (PKR)	107.38	136.73

- Investment Markets**

- Equity Review:**

Stock market finished FY18 down 10% to 41,910.90 (from FY17 end level of 46,565.29). Market fell 18% by December 2017 and made a low near 38,000 amid deepening political crises following the disqualification of former Prime Minister Nawaz Sharif in July 2017 by the Supreme Court. During this time, key macroeconomic indicators started to reverse as government resorted to high domestic and external borrowings. Stock market managed to bounce back in subsequent months and recovered most of its losses by April 2018 (ahead of annual budget announcement with many tax concessions), however, the market reversed its course once again amid falling rupee, rising interest rates and falling external reserves which led to increased foreign selling. Sectors which outperformed during the year were oil & gas exploration (increase in international oil prices), oil and gas marketing companies, Fertilizer (increase in prices and improvement in margins), textiles (fall in rupee). Sectors which underperformed were cement (decline in margins due to rise in coal prices), autos (decline in margins due to fall in rupee and increase in steel prices), steel (decline in margins), Pharmaceutical (expensive imports due to fall in rupee and price controls) and Power companies (less attractive dividend yields due to increase in interest rates).

- Economic Review:**

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

FUND MANAGER'S REPORT

- Distribution made out of Collective Investment Scheme**

Distribution	
The income distribution made by the Fund was Nil for FY18	
NAV per unit as on	
Cum - NAV (PKR)	107.38
Ex - NAV (PKR)	107.38

- Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in the state of affairs during the year under review.

- Breakdown of unit holdings by size**

Range of Shares	
0.0001 - 9,999.9999	179
10,000.0000 - 49,999.9999	-
50,000.0000 - 99,999.9999	3
100,000.0000 - 499,999.9999	3
500,000.0000 & Above	-
Total	185

- Circumstances that materially affect any interest of the unit holders**

Investment is subject to market risk.

- Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme, disclosure of the following:-**

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

PERFORMANCE TABLE / KEY FINANCIAL DATA

Description	(Rs in '000')				
	Years				
	2018	2017	2016	2015	2014
Net Assets	111,451	236,436	256,011	108,539	109,803
Net Income/(loss)	(46,179)	28,338	43,629	19,044	2,526
Total return of the Fund	(21.47)	17.02	7.30	5.88	4.58
Total dividend distribution	-	-	-	10.00	1.27
Capital Growth	(21.47)	17.02	7.30	-4.12	3.31
Average Annual Return					
One Year - in percentage	-21.47%	17.02%	7.30%	5.88%	4.58%
Two Year - in percentage	-2.23%	12.16%	6.59%	5.23%	n/a
Three Year - in percentage	0.95%	10.07%	5.92%	n/a	n/a
Net assets value per unit - Rupees	107.38	136.73	127.70	119.01	103.29
Highest offer price per unit *	139.82	157.85	157.85	134.95	107.69
Lowest offer price per unit *	102.58	122.25	122.25	97.14	101.05
Year-end offer price per unit *	109.81	139.47	139.47	121.40	105.36
Highest repurchase price per unit *	136.72	157.85	154.75	132.30	105.58
Lowest repurchase price per unit *	100.31	122.25	119.85	95.23	99.06
Year-end repurchase price per unit *	107.38	136.73	136.73	119.01	103.29
Final distribution per unit	-	-	-	10.00	1.27
Announcement date	-	-	-	26/Jun/15	25/Jun/14
Total Distribution as % of par value	-	-	-	10.00	1.27
Number of units in issue - Number	1,037,959	1,729,170	2,004,793	912,004	1,063,035

Notes:

- PIML ISLAMIC EQUITY FUND was launched on 04 March 2014.

* Past performance is not necessarily indicative of future performance and that certificate prices and investment returns may go down, as well as up.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



August 10, 2018

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2018 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in PIML Islamic Equity Fund (PIML-IEF) managed by AWT Investments are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt) Limited.

Mufti Irshad Ahmad Aijaz
Member Shariah Council

Faraz Younus Bandukda, CFA
Chief Executive

STATEMENT OF COMPLIANCE WITH SHARIAH PRINCIPLES

PIML Islamic Equity Fund (the Fund) has fully complied with the Shariah Principals specified in the trust deed and in the guidelines issued by the Shariah Advisor for its operations, investments, bank accounts and placements made for the year ended 30 June 2018. The Shariah Advisor has also confirmed that the transactions were observed to be compliant with the Shariah guidelines."

Salman Haider
Chief Executive Officer

Date: September 24, 2018

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

We were engaged by the Board of Directors of AWT Investments Limited, Management Company of PIML Islamic Equity Fund (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the management company for the year ended 30 June 2018, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended 30 June 2018.

Responsibilities of the Management Company

The management company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The management company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

PIML Islamic Equity Fund

The procedures performed included performing tests of controls for making investments and maintaining bank accounts in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 30 June 2018, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

**TRUSTEE REPORT TO THE UNIT HOLDERS
PIML ISLAMIC EQUITY FUND**

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 PRIMUS Investment Management Limited Islamic Equity Fund (the Fund) are of the opinion that AWT Investments Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 28, 2018

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the annexed financial statements of PIML Islamic Equity Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, income statement, statement of comprehensive income, statement of movement in unit holders' fund, cash flow statement for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Valuation of Investments</p> <p>Refer to note 6 to the financial statements for the details of investments and the accounting policy in note 4.3 to the financial statements.</p> <p>At 30 June 2018, the Fund's investment portfolio classified as at "Fair value through income statement" comprised of listed equity shares of Rs. 94.007 million representing 84.35 % of net assets value of the Fund as of that date.</p> <p>We identified the valuation of investments as a key audit matter because of its significance in relation to the net asset value of the Fund.</p>	<p>Our audit procedures to assess the valuation of investments included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investment; and • assessed on a sample basis whether the investments were valued at fair value based on the rates quoted on the Pakistan Stock Exchange as at 30 June 2018.

PIML Islamic Income Fund

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

PIML Islamic Income Fund

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended 30 June 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 29 September 2017.

The engagement partner responsible for the audit resulting in this independent auditor's report is Aryn Pirani.

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

This Page Has Been Intentionally Left Blank

FINANCIAL STATEMENTS

PIML Islamic Equity Fund

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2018**

	<i>Note</i>	2018 (Rupees in '000)	2017
Assets			
Bank balances	5	17,687	39,594
Investments	6	94,695	193,729
Security deposits	7	2,600	2,600
Other receivables	8	892	5,226
Deferred formation cost	9	200	500
Total assets		116,074	241,649
Liabilities			
Payable to the Management Company	10	728	691
Remuneration payable to the Trustee	11	122	122
Annual fee payable to the Securities and Exchange Commission of Pakistan	12	139	257
Accrued expenses and other liabilities	13	3,633	4,143
Total liabilities		4,622	5,213
Contingencies and commitment	14		
Net assets		111,452	236,436
Unit holders' fund		111,452	236,436
		(Number)	
Number of units in issue	15	1,037,957	1,729,170
		(Rupees)	
Net assets value per unit		107.38	136.73

The annexed notes from 1 to 24 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 (Rupees in '000)	2017
Income			
Net (loss) / gain on sale of investments - net		(26,032)	31,445
Unrealised (loss) on revaluation of held for trading investments - net		(19,817)	(703)
Return on bank balances - under shariah arrangement		1,574	809
Dividend income	16	4,646	9,194
		<u>(39,629)</u>	<u>40,745</u>
Expenses			
Remuneration of the Management Company	10.1	2,930	5,421
Sindh sales tax on Management Company's remuneration	13.3	381	705
Remuneration of the Trustee	11	700	701
Sindh sales tax on Trustee's remuneration		91	91
Annual fee to the Securities and Exchange Commission of Pakistan	12	139	257
Amortisation of deferred formation cost	8	300	300
Auditors' remuneration	17	215	241
Brokerage and settlement charges		734	1,602
Shariah advisory fee		610	610
Mutual fund rating fee		-	124
Securities transaction costs		32	64
Listing fee		28	40
Other expenses		390	67
Total expenses		<u>6,550</u>	<u>10,223</u>
Net (loss) / income for the year from operating activities		<u>(46,179)</u>	<u>30,522</u>
Provision for Sindh Workers' Welfare Fund	13.1	-	(1,584)
Reversal for Workers' Welfare Fund	13.1	-	441
Element of (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		-	(1,041)
Net (loss) / income for the year before taxation		<u>(46,179)</u>	<u>28,338</u>
Taxation	19	-	-
Net income for the year after taxation		<u>(46,179)</u>	<u>28,338</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Islamic Equity Fund

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	(Rupees in '000)	
Net (loss) / income for the year	(46,179)	28,338
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(46,179)	28,338

The annexed notes from 1 to 24 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 (Rupees in '000)	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year after taxation	(46,179)	28,338
Adjustments for:		
Loss / (gain) on sale of investments - net	26,032	(31,445)
Unrealised loss on revaluation of held for trading investments - net	19,817	703
Element of loss and capital losses / (gains) included in prices of units sold less those in units redeemed - net	-	1,041
Amortisation of deferred formation cost	300	300
Return on bank balances	(1,574)	(809)
Dividend income	(4,646)	(9,194)
	<u>(6,250)</u>	<u>(11,066)</u>
Decrease in assets		
Investments - net	53,185	64,228
Deposits, prepayment and other receivables	4,120	(4,079)
	<u>57,305</u>	<u>60,149</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	37	57
Remuneration payable to the Trustee	-	1
Annual fee payable to Securities and Exchange Commission of Pakistan	(118)	72
Payable against purchase of investment	-	(72)
Accrued expenses and other liabilities	(510)	1,434
	<u>(591)</u>	<u>1,492</u>
Return received on bank balances	1,594	955
Dividend income received (on held for trading investments)	4,841	9,268
Income tax paid	-	(211)
Net cash flows from operating activities	<u>56,899</u>	<u>60,587</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issuance of units (net of re-investment)	125,928	939,853
Cash paid against redemption of units	(204,733)	(986,351)
Dividend paid (net of re-investment)	-	(2,456)
Net cash flows from financing activities	<u>(78,806)</u>	<u>(48,954)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(21,907)</u>	<u>11,633</u>
Cash and cash equivalents at beginning of the year	<u>39,594</u>	<u>27,961</u>
Cash and cash equivalents at end of the year	<u><u>17,687</u></u>	<u><u>39,594</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 PIML Islamic Equity Fund ("the Fund") was established under a Trust Deed, dated 15 May 2013, executed between AWT Investments Limited as Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as a Trustee, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Securities and Exchange Commission of Pakistan (SECP) registered the Fund as a Notified Entity on 25 November 2013, under Regulations 44 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (Establishment and Regulation) Rules.

1.2 On 26 July 2017, Securities and Exchange Commission of Pakistan gave its approval for the change of the name of the Management Company from Primus Investment Management Limited to AWT Investments Limited. The change was made pursuant to the acquisition 70% shares of the Management Company by Army Welfare Trust (AWT).

Subsequent to the year end on 2 August 2018, AWT acquired further 30% shares of the AMC

1.3 The Management Company of the Fund has been licensed by SECP to undertake Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Registered office of the Management Company is situated at 3rd Floor, AWT Plaza I.I Chudrigar Road, Karachi.

1.4 The Fund offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Scheme is a 'Shariah Compliant Islamic Equity Scheme' as per the criteria for the categorization of open-end collective investment schemes specified by the Securities and Exchange Commission of Pakistan. The objective of the Fund is to achieve long term capital growth by investing mainly in Shariah Compliant listed equity securities.

The Scheme is required to invest in shares of listed companies as advised by the Shariah Advisor (up to 100% of net assets during the year based on quarterly average investment calculated on a daily basis, with a minimum limit of 70% of net assets), Shariah compliant short term government securities and cash and cash equivalents not exceeding 90 days maturity (maximum limit being 30% with no minimum limit), unlisted Shariah compliant equity security where the application of listing has been accepted by the stock exchange (maximum limit being 15%) and current and saving deposits with Shariah compliant banks and licensed Islamic windows of conventional banks (maximum limit being 30% with no minimum limit). The Scheme can also invest outside Pakistan subject to approval of SECP (maximum limit being 50% or cap of USD 15 million with no minimum limit).

1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

1.6 The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Supervisory Council.

2. BASIS OF PREPARATION

The transactions undertaken by the Fund are in accordance with the Shariah guidelines issued by the Shariah advisor and are accounted for on substance rather than the form prescribed by the above referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

PIML Islamic Equity Fund

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand rupees, except otherwise stated.

2.4 Use of judgments and estimates

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, 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 judgments 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 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 the application of accounting policies are given below:

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 4.3.2 regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ending 30 June 2018 is included in the following notes:

- Notes 4.3.1 and 4.3.2 - Valuation of investments
- Notes 4.12 and 4.15 - Impairment of financial instruments and other assets
- Notes 13.1, 13.2 and 13.3 - Recognition of provision for Sindh Workers' Welfare Fund, Federal Excise Duty and Sindh Sales tax on Federal Exercise Duty respectively
- Notes 4.9 and 19 - Taxation

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.

PIML Islamic Equity Fund

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. The management is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on the adoption of the standard. However the management considers that the impact would not be significant.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management is in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments on the adoption of the standard and impairment required under the expected credit loss model. However the management considers that there would not be a significant financial impact.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company premeasures its previously held interest in a joint operation when it obtains control of the business. A company does not premeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Fund's financial statements.

PIML Islamic Equity Fund

4. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to periods presented except for the change in accounting policy for element of income (refer note 4.1).

New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.1 Element of income / (loss)

Up to 30 June 2017, 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 accounting period was recognized in income statement on a net basis 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 on net basis.

Securities & Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". As per SRO, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. It also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to "Income Statement" (relating to allocation of net income for the year) and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed directly in Statement of movements in unit holders' fund instead of income statement. MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated. Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs. 15.704 million, net off charge for SWWF in respect of element of income. However, the NAV per unit would have been the same.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity period of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.3 Investments

4.3.1 All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the Income Statement.

4.3.2 The Fund classifies its investments in Financial asset at fair value through income statement:

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through income statement upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through income statement upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial recognition, the investments in listed equity instruments are remeasured at fair value determined with reference to Stock Exchange quoted market prices at the close of period end. Gains or losses on investments on remeasurement of these investments are recognized in the income statement.

4.3.3 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

PIML Islamic Equity Fund

4.4 Deferred formation cost

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of five years i.e. effective from 4 March 2014.

4.5 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 that day. 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 if applicable, is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors 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.

4.6 Net assets value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.7 Revenue recognition

- Dividend income is recognised when the right to receive dividend is established.
- Gain or loss arising on sale of investment is accounted for in the income statement in the period in which it arises.
- Profit on bank balances is recognised at effective profit rates on a time proportion basis.
- Unrealised gain or loss arising on the revaluation of investment classified as held for trading is included in the income statement in the period in which it arises.

4.8 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net Asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on the issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per the guidelines provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.9 Taxation

The income of the Fund is exempt from Income Tax under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its 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.

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.

4.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund ceases to be a party to such contractual provisions of the instrument, that is, when the rights to receive cash flows have expired, balance has been realised or when the Fund has transferred substantially all the risk and rewards incidental to ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or when it has expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

All financial assets are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, financial assets (other than investments mentioned in note 3.1 above) comprising of loans and receivables (representing non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) are carried at amortised cost. However, these are estimated to approximate to its fair value.

Financial liabilities are initially recognised at fair value and subsequently stated at amortised cost, which is also estimated to approximate to its fair value.

PIML Islamic Equity Fund

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Impairment

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 loss in respect of available-for-sale equity investments (other than debt securities) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of what is significant or prolonged requires judgment.

In case of impairment of available for sale investments, the cumulative loss that has been recognised directly in statement of comprehensive income is taken to the income statement.

Other individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

4.13 Distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted for the effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

4.14 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.15 Other assets

Other assets are stated at cost less impairment losses, if any.

4.16 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.

5. BANK BALANCES

Balances with banks in:

- Current account
- Profit and loss sharing accounts

<i>Note</i>	2018	2017
	(Rupees in '000)	
	108	4,754
5.1	17,579	34,840
	17,687	39,594

5.1 These accounts carries profit rates ranging from 6.00% to 6.50% (2017: 4.00% to 5.80%) per annum.

6. INVESTMENTS

At fair value through income statement - held for trading

Listed equity securities

6.1 **94,007** 193,729

Advance against subscription subscription of shares

6.4 **688** -

94,695 193,729

PIML Islamic Equity Fund

6.1 Investments in securities - held for trading

Face value of Rs. 10/- each unless stated otherwise.

Sectors / Companies	Note	Number of shares					Carrying value before revaluation as at 30 June 2018	Market value / carrying value as at 30 June 2018 (after revaluation)	% of total investments	% of net assets
		Holding at beginning of the year	Bonus received during the year	Acquired during the year	Disposed during the year	Holding at end of the year				
----- (Rupees in '000) -----										
Engineering										
Mughal Iron & Steel Industries	6.3	55,263	-	15,000	14,000	56,263	4,432	3,456	3.68	0.00
International Industries Ltd		25,000	-	4,000	4,000	25,000	9,117	5,807	6.18	0.01
Aisha Steel Limited		467,000	-	120,000	587,000	-	-	-	-	-
							13,548	9,263	9.85	0.01
Cement										
Kohat Cement Limited		20,000	-	-	20,000	-	-	-	-	-
D.G. Khan Cement Company Limited		40,000	-	27,000	67,000	-	-	-	-	-
Fauji Cement Company Limited		195,000	-	110,000	305,000	-	-	-	-	-
Lucky Cement Company Limited (Related Party)		24,000	-	13,000	9,000	28,000	22,105	14,222	15.13	0.01
Pioneer Cement Limited		55,000	-	1,000	56,000	-	-	-	-	-
Cherat Cement Company Limited		67,000	-	12,000	79,000	-	-	-	-	-
Maple Leaf Cement Factory Limited		50,000	8,125	25,000	75,000	8,125	528	412	0.44	0.00
							22,634	14,634	15.57	0.01
Power Generation & Distribution										
Hub Power Company Limited		28,000	-	50,000	78,000	-	-	-	-	-
Kot Addu Power Company Limited		70,000	-	-	70,000	-	-	-	-	-
K-Electric Limited (Face value Rs. 3.5)		200,000	-	375,000	575,000	-	-	-	-	-
							-	-	-	-
Textile Composite										
Nishat Mills Limited		23,000	-	35,000	8,000	50,000	7,940	7,046	7.50	0.01
Automobile Parts & Accessories										
General Tyre Company Limited		22,000	-	1,000	23,000	-	-	-	-	-
Oil & Gas (Marketing & Exploration)										
Pakistan State Oil Company Limited	6.3	30,000	6,000	12,000	12,000	36,000	11,609	11,459	12.19	0.01
Sui Northern Gas Pipelines Limited		70,000	-	35,000	95,000	10,000	1,493	1,002	1.07	0.00
Oil and Gas Development Corporation		-	-	118,000	68,000	50,000	7,562	7,781	8.28	0.01
Mari Petroleum Company Limited	6.3	35	-	-	-	35	55	53	0.06	0.00
Pakistan Petroleum Limited		-	-	41,800	41,800	-	-	-	-	-
							20,719	20,295	21.60	0.03
Fertilizer										
Engro Corporation Limited	6.2	40,000	-	14,500	8,000	46,500	15,183	14,594	15.52	0.01
Dawood Hercules Corporation Limited		14,000	-	6,000	20,000	-	-	-	-	-
							15,183	14,594	15.52	0.01
Pharmaceuticals										
GlaxoSmithKline (Pak) Limited		33,000	-	4,000	16,000	21,000	4,100	3,486	3.71	0.00
The Searle Company Limited	6.3	20,125	2,485	5,300	13,000	14,910	6,298	5,062	5.38	0.00
							10,398	8,548	9.09	0.01
Paper & Board										
Packages Limited (a related party)		5,500	-	8,200	1,500	12,200	8,011	5,975	6.36	0.01
Automobile Assembler										
Pak Suzuki Motor Company Limited		9,000	-	-	9,000	-	-	-	-	-
Indus Motor Company Limited		1,500	-	500	2,000	-	-	-	-	-
							-	-	-	-
Cable and Electrical Goods										
Pak Elektron Limited		88,000	-	49,900	137,900	-	-	-	-	-
Commercial Banks										
Meezan Bank Limited		-	-	28,000	-	28,000	2,056	2,288	2.43	0.00
Chemical										
Engro Polymer Company Limited		-	75,000	-	75,000	-	-	-	-	-
Refinery										
National Refinery Limited (a related party)		-	-	17,000	-	17,000	7,677	7,531	8.01	0.01
Industrial Transportation										
Synthetic Products Limited		100,000	-	-	25,000	75,000	5,659	3,833	4.08	0.00
Pakistan Int Bulk Terminal Limited		-	-	180,000	180,000	-	-	-	-	-
							5,659	3,833	4.08	0.00
Held for trading investments as at 30 June 2018							113,824	94,007	100	
Cost of held for trading investments as at 30 June 2018							113,378			
Carrying value of held for trading investments as at 30 June 2017							194,432			
Cost for held for trading investments as at 30 June 2017							193,625			

PIML Islamic Equity Fund

6.2 Following shares have been pledged with National Clearing Company of Pakistan Limited:

	2018 (No. of shares)	2017	2018 (Rupees in '000)	2017
Engro Corporation Limited	30,000	18,000	9,416	5,866
The Hub Power Company Limited	-	22,500	-	2,642
Kot Addu Power Company Limited	-	56,500	-	4,069
	30,000	97,000	9,416	12,578

6.3 Finance Act, 2014 had introduced tax on bonus shares issued by the Companies. Most Equity Funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, up to the year end, tax in the shape of 350 shares of The Searle Company Limited (2017: 189 shares) 300 Shares of Pakistan State Oil Limited (2017: nil), 263 shares of Mughal Iron and Steel Industries (2017: nil) Limited and 35 Shares of Mari Petroleum Limited (2017: 35 shares) had been withheld by CDC. Market value of these shares as at 30 June 2018 amounted to Rs. 0.283 millions (30 June 2017: 0.097 million) and are included in the Fund's investments in these financial statements.

6.4 Advance against subscription of shares

This represents the subscription amount in the book building of ordinary shares of At-Tahur Limited. The bid was successful and 26,421 shares were transferred to the fund subsequent to the year end. These shares currently are listed on the Pakistan Stock Exchange. On 10 September 2018 market value of the above shares were Rs. 0.714 million.

7. SECURITY DEPOSITS

	<i>Note</i>	2018 (Rupees in '000)	2017
National Clearing Company of Pakistan Limited		2,500	2,500
Central Depository Company of Pakistan Limited		100	100
		2,600	2,600

8. OTHER RECEIVABLES

Return receivable on bank balances		84	104
Dividend receivable on held for trading investments		597	791
Income tax recoverable	8.1	211	211
Receivable against sale of investment		-	4,120
		892	5,226

8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under sections 150A, 151 and 233 of ITO 2001. However, the Federal Board of Revenue has made it mandatory to obtain exemption certificates under section 159(1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the year the Fund got the exemption certificate. Prior to receiving tax exemption certificate(s) from CIR, various withholding agents had deducted advance tax under ITO 2001. The management is confident that the same shall be refunded to the Fund.

9. DEFERRED FORMATION COST

As at 01 July		500	800
Amortised to the income statement during the year		(300)	(300)
As at 30 June		200	500

9.1 As per the offering document expenses incurred in connection with the establishment and registration of the Scheme including execution and registration of the Constitutive Document(s), issue, legal costs, printing, circulation and publication of the Constitutive Document(s) and Offering Document(s), announcements describing the Scheme and all expenses incurred during the Initial Period shall be borne by the Management Company and shall be immediately reimbursable by the Scheme, subject to the audit of the expenses. The said formation cost shall be amortized by the Scheme over a period of not less than five years or any other period as specified by the SECP. Accordingly, these expenses are being amortised over five years period beginning 17 February 2014.

PIML Islamic Equity Fund

12. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the Fund in accordance with the regulations 62 of the NBFC Regulation, 2008.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2018	2017
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	13.1	1,583	1,583
Federal Excise Duty payable on Management Company's remuneration	13.2	1,145	1,145
Sindh Sales Tax payable on Management Company's remuneration	13.3	170	206
Sindh Sales Tax payable on Trustee's remuneration		8	8
Auditors' remuneration payable		140	166
Charity payable	13.4	350	482
Payable to shariah advisor		102	90
Other payable		135	463
		3,633	4,143

13.1 Provision for Sindh Workers Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions(Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) .

The total provision for SWWF till 30 June 2018 is Rs. 1.583 million. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 1.53 per unit.

Furthermore, on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition with the SCP against the said judgment, which is pending hearing. While the petitions filed by the Collective Investment Schemes (CISs) on the matter are still pending before the Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Pursuant to above MUFAP recommended that the entire provision of Rs. 0.441 million against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017.

Above decisions regarding the reversal and the recognition of SWWF were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

13.2 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 04 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. The amount is payable to the management company for onward payment to the Government.

PIML Islamic Equity Fund

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained provision for FED aggregating to Rs. 1.145 million. Had the provision not been made, NAV per unit of the Fund as at 30 June 2018 would have been higher by Rs. 1.10 (2017: Rs. 0.66) per unit.

13.3 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2017: 13%) on Management Company's remuneration. Above liability includes Rs. 86,621 (2016: Rs. 86,621) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 13.2 above. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2017 would have been higher by Re. 0.08 (2017: Re. 0.05) per unit. The amount is payable to the management company for onward payment to the Government.

13.4 According to the instructions of the Shariah Advisor, if any income is earned by the Fund from the investments whereby a portion of income of such investees has been derived from prohibited sources, such proportion of income of the Fund should be donated for charitable purposes. Details of the movement in the account are as follows:

	<i>Note</i>	2018	2017
		(Rupees in '000)	
Balance as at 1 July		482	587
Non shariah income for the year	<i>16.1</i>	351	528
Paid during the year	<i>13.4.1</i>	(483)	(633)
Balance as at 30 June		350	482

13.4.1 Represents Rs 0.120 million paid to the Patients Behbud Society for Aga Khan University Hospital, Edhi Foundation, Indus Hospital and Shaukat Khanum Memorial Cancer Hospital & Research Center each.

14. CONTINGENCY AND COMMITMENT

There are no contingencies at the year end except as those mentioned elsewhere in these financial statements.

15. NUMBER OF UNITS IN ISSUE

	2018	2017
	(Numbers)	
As at 01 July	1,729,170	2,004,793
Issued during the year	1,007,964	6,980,546
Redemptions during the year	(1,699,177)	(7,256,169)
As at 30 June	1,037,957	1,729,170

16. DIVIDEND INCOME

	2018	2017
	(Rupees '000)	
At fair value through income statement - held for trading	4,646	9,194

16.1 According to the instructions of the Shariah Supervisory Council, if any income is earned by the Fund from the investments whereby a portion of income of such investees has been derived from prohibited sources, such proportion of income of the Fund should be donated to charitable purposes.

During the current year the Non Shariah Compliant income amounting to Rs. 351,273 (2017: Rs. 527,680) was deducted from the dividend income of the Fund (a portion of dividend income, rest of which is considered as halal). This was / will be distributed for charity with the approval of Shariah Supervisory Council.

	2018	2017
	(Rupees '000)	
17. AUDITORS' REMUNERATION		
Annual audit fee	98	98
Fee for the review of half yearly financial statements	58	58
Fee for the review of statement of compliance with the best practices of Code of Corporate Governance	-	15
Shariah compliance report	15	15
Report on Statements of net income and gains	15	15
Out of pocket expenses (including government levy)	29	40
	215	241

PIML Islamic Equity Fund

18. TOTAL EXPENSE RATIO

Total expense ratio comprising of (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 4.36% per annum. Total expense ratio (excluding government levies) is 3.39% per annum. As per the NBFC Regulations, 2008 total expense ratio of the Equity Scheme shall be capped upto 4% (excluding the government levies).

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 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. Since during the year, the Fund incurred loss after excluding gain on sale of held for trading investments and unrealised gain on revaluation of investments, no dividend has been declared.

20. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units (Rupees)	Total
Opening balance as at 1 July 2017	-	-	-
Receivable against issuance of units	125,927,600	-	125,927,600
Payable against redemption of units	-	204,733,208	204,733,208
	125,927,600	204,733,208	330,660,808
Amount received on issuance of units	(125,927,600)	-	(125,927,600)
Amount paid on redemption of units	-	(204,733,208)	(204,733,208)
	(125,927,600)	(204,733,208)	(330,660,808)
Closing balance as at 30 June 2018	-	-	-

21. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include AWT Investments Limited being the Management Company, Central Depository Company of Pakistan Limited being the trustee, Pak Brunei Investment Company Limited being an associated company of the Management Company, other funds managed by the Management Company, associated companies (if any) of the management company, entities in which the above parties or their connected persons have a material interest, Key Management Personnel and includes entities holding 10% or more units of the Fund as at 30 June 2018 or during the year. It also includes the staff retirement funds of the above related parties / connected person. Details of the transactions and balances with the related parties / connected persons, other than those which has been disclosed elsewhere are as follows:

21.1 Balances with related parties / connected persons as at year end

	Note	2018 (Rupees in '000)	2017
AWT Investments Limited - Management Company of the Fund			
Remuneration payable to the Management Company	10.1	190	462
Formation cost payable (paid by the Management Company)	10	100	100
Security deposit with Central Depository Company of Pakistan Limited paid by the Management Company	10	100	100
Sales load payable		-	16
Initial deposit on the opening of Fund bank accounts paid by the Management Company	10	13	13
Units outstanding: 241,935 units (2017: 241,580)-(representing 23.31% as at 30 June 2018)	21.5	25,976	33,034
Allocation of expense by the management company	10.3	325	-

PIML Islamic Equity Fund

	Note	2018 (Rupees in '000)	2017
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable	11	<u>122</u>	<u>122</u>
Security deposit	9	<u>100</u>	<u>100</u>
Pak Brunei Investment Company Limited - Associated Company of the Management Company			
Units outstanding: 426,464 units (2017: 419,999)-(representing 41.09% as at 30 June 2018)	21.5	<u>45,787</u>	<u>57,431</u>
Pak Brunei Investment Company Limited - Staff Gratuity Fund			
Units outstanding: 67,465 units (2017: 67,465)-(representing 6.50% as at 30 June 2018)	21.5	<u>7,244</u>	<u>9,225</u>
Key Management Personnel of the Management Company			
Units outstanding: 13,846 units (2017: 8,229)-(representing 1.33% as at 30 June 2018)	21.5	<u>1,487</u>	<u>1,125</u>
Entities holding 10% or more than 10% of units of the Fund			
Units outstanding: 170,794 units (2017: nil)-(representing 16.46% as at 30 June 2018)	21.5	<u>18,339</u>	<u>-</u>
Primus Investment Management Limited - Employee Provident Fund			
Units outstanding: 2,837 units (2017: 2,837)-(representing 0.27% as at 30 June 2018)	21.5	<u>305</u>	<u>388</u>
21.2 Details of transactions with related parties / connected persons during the year			
AWT Investments Limited - Management Company of the Fund			
Remuneration of the Management Company	10.1 & 21.3	<u>2,930</u>	<u>5,421</u>
Issuance of 355 units (2017: 492,733 units)		<u>40</u>	<u>68,163</u>
Redemption of Nil units (2017: 521,397 units)		<u>-</u>	<u>69,024</u>
Gain on redemption of units - net (earned by the investor)		<u>-</u>	<u>6,231</u>
Front End Load		<u>-</u>	<u>374</u>
Dividend paid		<u>-</u>	<u>3,062</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration to the Trustee	11 & 21.3	<u>700</u>	<u>701</u>
Settlement charges		<u>32</u>	<u>64</u>
Pak Brunei Investment Company Limited - associated company of the Management Company			
Issuance of 6,465 units (2017: 2,383,132 units)		<u>723</u>	<u>331,290</u>
Redemption of nil units (2017: 3,303,702 units)		<u>-</u>	<u>456,142</u>
Gain on redemption of units - net (earned by the investor)		<u>-</u>	<u>53,600</u>
Dividend paid		<u>-</u>	<u>15,189</u>

PIML Islamic Equity Fund

	2018	2017
	(Rupees in '000)	
Primus Investment Management Limited - Employee Provident Fund		
Issue of units: nil units (2017: 213 units)	-	26
Dividend paid	-	30
Pak Brunei Investment Company Limited - Staff Gratuity Fund		
Issuance of nil units (2017: 5,731 units)	-	699
Dividend paid	-	699
Key Management Personnel of the Management Company		
Issuance of 13,846 units (2017: 22,123 units)	1,822	5,188
Redemption of 8,229 units (2017: 22,480 units)	996	4,329
(Loss) on redemption of units - net (earned by the investor)	-	(98)
Dividend paid	-	53
Entities holding 10% or more than 10% of units of the Fund		
Issuance of 170,794 units (2017: 22,123 units)	1,822	5,188

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

21.4 Purchase and redemption of units of the Fund by related parties / connected persons are recorded at the applicable net asset value per unit. Purchase of listed shares of the related parties by the Fund are recorded at the rate purchased through the Paskitan Stock Exchange. Other transactions are at agreed rates.

21.5 This reflects the position of related party / connected person status as of 30 June 2018.

22. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- Credit risk (refer note 22.1)
- Liquidity risk (refer note 22.2)
- Market risk (refer note 22.3)

Risk management framework

The Board of directors of the Management Company has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on the limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how the management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

PIML Islamic Equity Fund

22.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances and security deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at 30 June 2018 was as follows:

	2018		2017	
	Balance as per the Statement of Asset and Liabilities	Maximum Exposure	Balance as per the Statement of Asset and Liabilities	Maximum Exposure
	----- (Rupees in '000) -----			
Bank balances (including profit due)	17,771	17,771	39,698	39,698
Investments	94,695	-	193,729	-
Security deposits	2,600	2,600	2,600	2,600
Other receivable	597	597	4,911	4,911
	115,663	20,968	240,938	47,209

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in equity securities including the advance thereof amounting to Rs. 94.695 million (2017: Rs. 193.729 million) is not exposed to credit risk.

Bank balances

The Fund held cash and cash equivalents at 30 June 2018 with banks having following credit ratings:

Rating	2018	2017	2018	2017
	(Rupees in '000)		(%)	
A1+	661	39,344	3.72	99.11
A1	17,003	35	95.67	0.09
A-1+	6	317	0.04	0.80
A-1	101	2	0.57	0.01
Total balance (including profit due)	17,771	39,698	100	100

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS .

PIML Islamic Equity Fund

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	30 June 2018		30 June 2017	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
Commercial banks (including profit due)	17,771	84.75	39,698	84.08
National Clearing company of Pakistan Limited - security deposit	2,500	11.92	6,620	14.02
Central Depository Company of Pakistan Limited - security deposit	100	0.48	100	0.21
Oil and Gas - dividend receivable	360	1.72	439	0.93
Fertilizer - dividend receivable	237	1.13	50	0.11
Power and generation - dividend receivable	-	-	130	0.28
Engineering _ dividend receivable	-	-	113	0.24
Automobile Assembler - dividend receivable	-	-	59	0.12
	20,968	100.00	47,209	100

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2018. All financial assets of the Fund as at 30 June 2018 are unsecured.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

22.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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.

Maturity analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

PIML Islamic Equity Fund

30 June 2018	Contractual cash flows	
	Carrying amount	Less than 1 month
	----- (Rupees in '000) -----	
Non-derivative liabilities <i>(excluding unit holders' fund)</i>		
Payable to the Management Company	728	728
Remuneration payable to the Trustee	122	122
Accrued expenses and other liabilities*	727	727
	<u>1,577</u>	<u>1,577</u>
Unit holders' fund	<u>111,452</u>	<u>111,452</u>

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company's remuneration, Sindh sales tax payable on Trustee's remuneration, annual fee payable to Securities and Exchange Commission of Pakistan and withholding tax payable.

30 June 2017	Contractual cash flows	
	Carrying amount	Less than 1 month
	----- (Rupees in '000) -----	
Non-derivative liabilities <i>(excluding unit holders' fund)</i>		
Payable to the Management Company	691	691
Remuneration payable to the Trustee	122	122
Accrued expenses and other liabilities*	1,201	1,201
	<u>2,014</u>	<u>2,014</u>
Unit holders' fund	<u>236,436</u>	<u>236,436</u>

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company's remuneration, Sindh sales tax payable on Trustee's remuneration, annual fee payable to Securities and Exchange Commission of Pakistan and withholding tax payable.

Above financial liabilities do not carry any mark-up and are unsecured.

22.3 Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk and equity price risk.

22.3.1 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 interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

Interest rate profile of the Fund's interest-bearing financial instruments is as follows:

	2018	2017
	(Rupees in '000)	
Variable rate instruments		
Financial assets (Bank balances)	<u>17,579</u>	<u>34,840</u>

PIML Islamic Equity Fund

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the unit holders fund and the income statement by Rs. 0.176 million (2017: Rs. 0.348 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Bank balances are repriced by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the Fund's liabilities are subject to interest rate risk.

22.3.2 Other market price risk

The Fund is exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Pakistan Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Funds policy is to manage price risk through diversification and selection of securities within the specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of the issued capital of that investee company and the net assets of the Fund with overall limit of 30% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investments in industrial / economic sectors are given in note 6.

Sensitivity Analysis

All of the Fund's listed equity investments are listed on Pakistan Stock Exchange. For such investments classified as at fair value through income statement due to, a 5% increase or decrease in the fair values of the equity investments, would have increased or decreased the income statement and the unit holders' fund by Rs. 4.7 million (2017: Rs. 9.69 million).

22.4 Unit holder's fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

22.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 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 Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (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:

PIML Islamic Equity Fund

On-balance sheet financial instruments		Carrying amount				Fair value		
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 3	Total
30 June 2018	<i>Note</i>	----- (Rupees in '000) -----						
Financial assets measured at fair value								
Listed equity securities	6	94,007	-	-	94,007	94,007	94,007	
Financial assets not measured at fair value	22.5.1							
Investment - advance against subscription of shares	6	-	688	-	688	-	-	
Bank balances	5	-	17,687	-	17,687	-	-	
Security deposits	7	-	2,600	-	2,600	-	-	
Other receivables	8	-	681	-	681	-	-	
		-	21,656	-	21,656	-	-	
Financial liabilities not measured at fair value	22.5.1							
Payable to the Management Company	10	-	-	728	728	-	-	
Remuneration payable to the Trustee	11	-	-	122	122	-	-	
Accrued expenses and other liabilities		-	-	727	727	-	-	
		-	-	1,577	1,577	-	-	
On-balance sheet financial instruments								
30 June 2017	<i>Note</i>	----- (Rupees in '000) -----						
Financial assets measured at fair value								
Listed equity securities	6	193,729	-	-	193,729	193,729	193,729	
Financial assets not measured at fair value	22.5.1							
Bank balances	5	-	39,594	-	39,594	-	-	
Other receivables	8	-	5,015	-	5,015	-	-	
Security deposits	7	-	2,600	-	2,600	-	-	
		-	47,209	-	47,209	-	-	
Financial liabilities not measured at fair value	22.5.1							
Payable to the Management Company	10	-	-	691	691	-	-	
Remuneration payable to the Trustee	11	-	-	122	122	-	-	
Accrued expenses and other liabilities		-	-	1,201	1,201	-	-	
		-	-	2,014	2,014	-	-	

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

23. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, list of top brokers by percentage of commission the paid, members of the Investment Committee, fund manager, meetings of the Board of Directors, credit rating of the Fund and the Management Company of the Fund as required under Schedule V of Non Banking Finance Companies and Notified Entities Regulations, 2008 are as follows:

PIML Islamic Equity Fund

23.1 Unit holding pattern of Fund

Category	2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
	Individuals	179	12,307
Associates	5	80,806	72.50
Retirement Funds	1	18,339	16.45
	185	111,452	100.00

Category	2017		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
	Individuals	193	82,996
Associates	4	99,685	42.16%
Retirement Funds	1	23,741	10.04%
Others	2	30,014	12.69%
	200	236,436	100.00%

23.2 List of top brokers by percent of the commission paid

The list of brokers by percentage of the commission paid during the period ended 30 June 2018 are as follows:

Name of broker	Percentage of commission / brokerage %
- ADAM Securities (Private) Limited	2.14
- AKD Securities Limited	6.44
- AL Hoqani Securities and Investment Corporation (Private) Limited	0.61
- Arif Habib Limited	6.33
- BIPL Securities Limited	4.10
- BMA Capital Management Limited	0.37
- EFG Hermes Pakistan Limited	7.51
- Elixir Securities Pakistan (Private) Limited	21.10
- JS Global Capital Limited	2.50
- Muhammad Anaf Kapadia Securities (SMC-Pvt.) Limited	11.16
- Next capital Limited	9.91
- Pearle Securities Limited	3.21
- Summit Capital (Private) Limited	5.42
- Taurus Securities Limited	1.46
- Topline Securities (Private) Limited	9.34
- Vector Securities (Private) Limited	7.80
- We Financial Service Limited	0.60

Under the Non-Banking Finance Companies and Notified Entities Regulations, 37 (7) (h) of 2008, the Fund shall not enter into transactions with any broker that exceeds 15% of the commission payable by the Fund in one accounting year. However, during the year the Fund has entered into transactions with JS Global Capital Limited up to 21.10% which is 6.10% in excess of the allowed limit. Excess amount involved are Rs. 0.0176 million.

PIML Islamic Equity Fund

The list of brokers by percentage of the commission paid during the period ended 30 June 2017 are as follows:

Name of broker	Percentage of commission / brokerage %
- ADAM Securities (Private) Limited	4.40
- AKD Securities Limited	3.12
- Al-Habib Capital Markets (Private) Limited	3.27
- AL Hoqani Securities and Investment Corporation (Private) Limited	3.98
- Arif Habib Limited	1.98
- BMA Capital Management Limited	2.45
- Elixir Securities Pakistan (Private) Limited	11.63
- Global Securities Pakistan Limited	6.00
- ICON Capital Management (Private) Limited	2.71
- Invest and Finance Securities Limited	4.43
- IGI Finex Securities Limited	5.04
- JS Global Capital Limited	5.43
- Vector Securities (Private) Limited	10.28
- Next capital Limited	6.46
- Pearl Securities Limited	6.82
- Summit Capital (Private) Limited	4.00
- Taurus Securities Limited	5.13
- Muhammad Anaf Kapadia Securities (SMC-Pvt.) Limited	4.54
- Standard Capital Securities (Private) Limited	2.35
- Topline Securities (Private) Limited	6.00

23.3 Members of the investment committee

Following are the members of investment committee:

Mr. Salman H. Sheikh - Chief Executive Officer
Mr. Hamza Saboor - Chief Financial Officer
Mr. Basharat Ullah Khan - Chief Investment Officer and Fund Manager
Mr. Muhammad. Saeed Khalid - Acting Head of Research
Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Salman Haider - Chief Executive Officer

Mr. Salman Haider has over 20 years of Investment Management experience including almost 10 years on Wall Street starting with Merrill Lynch in 1996 along with Janney and Wachovia-Wells Fargo. He has held series 7 and series 63 licenses with life & health insurance licenses of NASD in New York to develop and invest in diverse investment products including securities, debentures, futures & options, commodities and annuitized insurance investment plans. Mr. Salman Haider has vast experience in Investment Banking and Asset Management arenas and has headed Faysal Asset Management Ltd in Pakistan from 2005 till 2012 growing profits of the company by over 600% and asset base from PKR 1 Billion to PKR 13 Billion. Mr. Haider holds a bachelors in Finance from Rutgers University USA, an MBA from University of London UK and an executive leadership graduate certification from Cornell University, USA.

Mr. Hamza Saboor - Chief Financial Officer

Mr. Hamza Saboor is an associate member of the Institute of Chartered Accountant of Pakistan (ICAP) and currently pursuing Institute of Chartered Accountant in England and Wales (ICAEW) qualification. He has more than 07 years of work experience ranging from Multinational Audit firm, Financial Consultancy and Microfinance Bank. He started his career from KPMG Taseer Hadi & Co. specializing in Audit and Assurance services, Business Processing Outsourced and Risk Advisory in versatile industries specially the financial sector, which included statutory and financial audits, reviews and other engagements of reputable multinational and local organizations. He later served in the finance department of Pak Oman Microfinance Bank Limited.

Mr. Basharat Ullah Khan - Chief Investment Officer & Fund Manager

Mr. Basharat Ullah is heading the Fund Management division of AWT Investments. He has extensive experience of 25 years in Pakistani capital markets primarily in the field of investment management and buy/sell side research. He has worked in both asset management and brokerage industry, with 11 years in the mutual fund sector where he headed fund management divisions in two asset management companies- Arif Habib Investments and Askari Investments. In brokerage, he served as head of research, heading the equity desk and also as Chief Executive of a company. He has MSc in Economics.

PIML Islamic Equity Fund

Mr Muhammad Saeed Khalid - Acting Head of Research

Mr. Saeed Khalid is a professional Financial Analyst serving the PIML for more than 2 year. Mr. Saeed is a part qualified ACCA from Association of Chartered Certified Accountants (UK). He is also an M.A. in Economics from University of Karachi. Mr. Saeed has served Shajar Capital Pakistan Pvt. Ltd. for more than 3 years. He has also worked with Admore Gas Pvt. Ltd. as an executive in Risk & Compliance department. He has provided his expertise while working in the leading brokerage houses of Pakistan i.e. Invest Capital Investment Bank Limited and Ismail Iqbal Securities Pvt. Ltd.

Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Asif has over 12 years of Professional experience in Compliance, Audit and Assurance. Prior to joining PIML, he served in Pak Oman Asset Management Company Limited as Compliance Officer. He also worked with Riaz MSB Limited (UK) and Riaz Ahmad, Saqib Gohar & Co (Chartered Accountants). He has done Bachelors in Accounts & Finance from UK.

23.4 Manager of the Fund

Mr. Basharat Ullah Khan - Chief Investment Officer and Fund Manager

For details, refer note 23.3 above

23.5 Directors meeting attendances

Following are the dates and name of persons who attended the meeting of the board of directors during the year:

For the year ended 30 June 2018

Name of directors	Dates meeting attended	26 Sep 17	27 Oct 17	27-Feb-18	27-Apr-18
Lt. General Khalid Rabbani (Retd)*	2	1	1	N/A	N/A
Major General Syed Taqi Naseer Rizvi (Retd)*	2	1	1	N/A	N/A
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Istaqbal Mehdi*	3	1	1	-	1
Mr. Ahmed Ateeq*	3	1	1	1	N/A
Mr. Salman Haider	4	1	1	1	1
Lt. General Najib Ullah Khan (Retd.)**	2	N/A	N/A	1	1
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	1
Mr. Malik Riffat Mehmood	-	N/A	N/A	N/A	N/A
Ms. Maleeha Humayun Bangash	-	N/A	N/A	N/A	N/A
Members attended		6	6	4	5

* Mr. Istaqbal Mehdi was appointed on 01 August 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), resigned on 16th January 2018 and 31 January 2018 respectively. Mr. Ahmed Ateeq resigned on 24th April 2018.

** The causal vacancies were then filled through appointment of Lt. General Najib Ullah Khan (Retd.) on 17th January 2018 and Major General Akhtar Iqbal (Retd.) on 1st February 2018.

*** The tenure of the present Board of Directors expired on 30 April 2018 and new Board was elected through election of director in EOGM held on 30 April 2018.

PIML Islamic Equity Fund

For the year ended 30 June 2017

Name of directors	Dates meeting attended	09 Aug 16	21 Oct 16	22 Dec 16	24 Feb 17	15 May 17	08 Jun 17
Mr. Khalid Aziz Mirza	6	1	1	1	1	1	1
Ms. Ayesha Aziz	4	1	1	1	-	1	-
Mr. Zafar Iqbal Sobani	5	1	1	1	1	1	-
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1	-	-
Mr. Ahmed Ateeq	6	1	1	1	1	1	1
Mr. Salman Haider *	2	N/A	N/A	N/A	N/A	1	1
Lt. General Khalid Rabbani (Retd) *	1	N/A	N/A	N/A	N/A	N/A	1
Major General Syed Taqi Naseer Rizvi (Retd) *	-	N/A	N/A	N/A	N/A	N/A	-
Mr. Tariq Iqbal Khan *	1	N/A	N/A	N/A	N/A	N/A	1
Members attended		5	5	5	4	5	5

* Mr. Salman Haider was appointed on 18 April 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), Major General Syed Taqi Naseer Rizvi (Retd) and Mr. Tariq Iqbal Khan were appointed on 17 May 2017.

23.6 Audit Committee meeting attendances

Following are the dates and name of persons who attended the meeting of the audit committee during the year:

For the year ended 30 June 2018

Name of directors	Dates meeting attended	26 Sep 17	27 Oct 17	27 Feb 18	27 Apr 18
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Ahmed Ateeq	3	1	1	1	1
Major General Syed Taqi Naseer Rizvi (Retd)	2	1	1	N/A	N/A
Major General Akhtar Iqbal (Retd.)	1	N/A	N/A	N/A	N/A
Members attended		3	3	2	2

For the year ended 30 June 2017

Name of directors	Dates meeting attended	09 Aug 16	21 Oct 16	24 Feb 17	15 May 17
Mr. Khalid Aziz Mirza	4	1	1	1	1
Mr. Zafar Iqbal Sobani	4	1	1	1	1
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1
Members attended		3	3	3	3

PIML Islamic Equity Fund

23.7 Human resource and remuneration meeting attendances

Following are the date and name of persons who attended the meeting of Human Resource and Remuneration during the year:

For the year ended 30 June 2018

Name of Directors	Dates Meeting attended	Dates Meeting attended		
		15 Jun 17	17 Oct 17	29 Nov 17
Mr. Major General (r) Syed Taqi Naseer Rizvi	2	1	1	1
Mr. Istaqbal Mehdi	2	1	1	1
Mr. Salman Haider Shaikh	2	1	1	1
		<u>3</u>	<u>3</u>	<u>3</u>

For the year ended 30 June 2017

Name of Directors	Dates Meeting attended	Dates Meeting attended	
		22 Dec 16	15 Jun 17
Mr. Khalid Aziz Mirza	1	1	-
Ms. Ayesha Aziz	1	1	-
Mr. Ateeq Ahmed	2	1	1
Major General Syed Taqi Naseer Rizvi (ret)	1	N/A	1
Mr. Salman Haider	1	N/A	1
		<u>3</u>	<u>3</u>

23.8 Proxy Voting

Details

Number

Percentages(%)

Resolution	For	Against	Abstain*
Nil	Nil	Nil	Nil
-	-	-	-

*The Proxy Voting policy of the PIML Islamic Equity Fund is available on the website of AWT Investments Limited and detailed information regarding actual proxies voted by the company in respect of the Fund is also available without charge, upon request, to all unit holders.

23.9 Asset Manager Rating

The JCR VIS Credit Rating Company Limited (JCR VIS) vide its press release dated 15 December 2016 has assigned rating of AM3+ to the Management Company and has placed the Company under 'Rating Watch - Developing' status.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on **September 24, 2018**.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**PIML
Value Equity Fund**

table of contents

207	Funds' Information
209	Directors' Report to the Unit holders - English
212	Directors' Report to the Unit holders - Urdu
215	Fund Manager's Report
220	Performance Table / Key Financial Data
221	Trustee Report to the Unit Holders
222	Independent Auditors' Report to the Unit Holders
226	Statement of Assets and Liabilities
227	Income Statement
228	Statement of Comprehensive Income
229	Cash Flow Statement
230	Statement of Movement in Unit Holders' Fund
231	Notes to the Financial Statements

FUND'S INFORMATION

Management Company	AWT Investments Limited 3rd Floor, AWT Plaza I.I Chundrigar Road, Karachi	
Board of Directors	Lt. General Najib Ullah Khan (Retd.) Maj. General Akhtar Iqbal (Retd.) Mr. Tariq Iqbal Khan Mr. Malik Riffat Mehmood Ms Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Director Director Director Director Chief Executive Officer
Chief Financial Officer	Mr. Hamza Saboor	
Company Secretary	Mr. Naveed ul Islam	
Audit Committee	Mr. Tariq Iqbal Khan Maj. General Akhtar Iqbal (Retd.) Mr. Malik Riffat Mehmood	Chairman Member Member
HR Committee	Maj. General Akhtar Iqbal (Retd.) Ms Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Member Member
Trustee	Central Depository Company of Pakistan Limited DC House, 99B, Block-B, SMCHS, Main Shahra-e-Faisal, Karachi	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi. 75530	
Legal Advisors	Mohsin Tayebaly & Co. 2nd Floor, Dime Centre, BC-4 Block-9, Kehkashan, Clifton, Karachi	
Bankers	Allied Bank Limited Bank Al-Habib Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited UBL Bank Limited Summit Bank Limited Askari Bank Limited Samba Bank Limited Al-Baraka Bank (Pakistan) Limited JS Bank Limited	

This Page Has Been Intentionally Left Blank

DIRECTORS'
REPORT TO THE UNIT HOLDERS

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of AWT Investments Limited the Management Company of PIML- Value Equity Fund ("the Fund"), is pleased to present the annual financial statements for the year ended June 30, 2018.

REVIEW OF FUND PERFORMANCE

VEF delivered negative return of 19.46% in FY18 compared to KSE-100 index decline of 10%YoY in the year. Equities delivered negative return in 2018 after six consecutive years of positive returns with seven years of cumulative average return at 17%. Stocks which contributed large part in the negative return were DGKC, LUCK, PAEL, SNGP, INIL and AICL. Out of these PAEL, SNGP and AICL have been offloaded during the year. Stocks in the portfolio which outperformed during the year were BAFL, MFL, OGDC and PPL have contributed positively in our fund in the year FY18. Net assets of the fund reduced to PKR 113.25mn by June 2018 from PKR 205.32mn as of June end 2017 mainly due to redemptions. The fund's Net Asset Value on June 30, 2018 was PKR 105.97.

ECONOMIC OUTLOOK

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

EQUITY MARKET REVIEW

Stock market finished FY18 down 10% to 41,910.90 (from FY17 end level of 46,565.29). Market fell 18% by December 2017 and made a low near 38,000 amid deepening political crises following the disqualification of former Prime Minister Nawaz Sharif in July 2017 by the Supreme Court. During this time, key macroeconomic indicators started to reverse as government resorted to high domestic and external borrowings. Stock market managed to bounce back in subsequent months and recovered most of its losses by April 2018 (ahead of annual budget announcement with many tax concessions), however, the market reversed its course once again amid falling rupee, rising interest rates and falling external reserves which led to increased foreign selling. Sectors which outperformed during the year were oil & gas exploration (increase in international oil prices), oil and gas marketing companies, Fertilizer (increase in prices and improvement in margins), textiles (fall in rupee). Sectors which underperformed were cement (decline in margins due to rise in coal prices), autos (decline in margins due to fall in rupee and increase in steel prices), steel (decline in margins), Pharmaceutical (expensive imports due to fall in rupee and price controls) and Power companies (less attractive dividend yields due to increase in interest rates).

MANAGEMENT QUALITY RATING

The JCR-VIS Credit Rating Company Limited has reaffirmed Management Quality Rating of "AM3+" 'with Rating Watch-Developing' to AWT Investments Limited on December 15, 2016. The rating denotes high management quality of the Management Company.

PIML Value Equity Fund

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also wish to express gratitude to the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Rawalpindi: September 24, 2018

Chief Executive Officer

Director

پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ۔ ویلیو ایکویٹی فنڈ

ڈائریکٹرز رپورٹ برائے پونٹ ہولڈرز

AWT انویسٹمنٹس لمیٹڈ۔ پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو کہ پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ۔ ویلیو ایکویٹی فنڈ (فنڈ) کی انتظامی کئیٹی ہے، 30 جون 2018 کو اختتام پذیر ہونے والے اختتام پذیر ہونے والے سال کا سالانہ مالیاتی گوشوارہ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہی ہے۔

فنڈ کی کارکردگی کا جائزہ

مالی سال 18 کے دوران، VEF نے 19.46 فی صد کا منفی منافع حاصل کیا، بمقابلہ KSE-100 انڈیکس جس میں سال بہ سال 10 فی صد کی متزلی رونما ہو رہی ہے۔ اکیویٹی نے سچے مسلسل سال مثبت منافع کے بعد 2018 میں منفی رجحانات کا مظاہرہ کیا اور سات مجموعی سالوں کا اوسط منافع 17 فی صد تھا۔ آفس کارکردگی کا مظاہرہ کرنے والی کمپنیوں میں SNGP، INIL، PAEL، LUCK، DGKC اور AICL شامل ہیں۔ ان میں سے SNGP، PAEL اور AICL نے سرمایہ کاری روک دی۔ پورٹ فولیو میں موجودہ سیکٹر جنسوں نے ہمارے فنڈ میں مالی سال 18 کے دوران فنڈ میں مثبت انداز میں کارکردگی کا مظاہرہ کیا ان میں بالخصوص OGDC، MFL، BAFL اور PPL شامل ہیں۔ جون 2018 میں فنڈ کے خالص اثاثوں کی مالیت کم ہو کر 113.25 ملین پاکستانی روپے رہ گئی، جب کہ 30 جون 2017 میں فنڈ کے خالص اثاثوں کی مالیت 205.32 ملین روپے تھی۔ جون 2018 میں فنڈ کے خالص اثاثوں کی مالیت 105.97 پاکستانی روپے ہے۔

معاشی توقعات

مالی سال 2018 کے دوران، پاکستانی معیشت بیرونی طور پر ٹھیک بن جانے اور متزلی کا شکار نظر آئی۔ موجودہ مالی خسارہ 42.57 فی صد تک جا پہنچا جو 17.99 ملین امریکی ڈالر تھا جب کہ مالی سال 17 میں 12.62 ملین امریکی ڈالر تھا۔ جب کہ اسی دوران ملکی زرمبادلہ کے ذخائر میں 23 فی صد (5 ملین امریکی ڈالر) کمی ہو کر 16.4 ملین امریکی ڈالر رہ گئی۔ مالی سال 2018 کے دوران، کرنٹ اکاؤنٹ کا خسارہ بہت زیادہ بڑھ گیا اس کی وجوہات میں 36 ملین امریکی ڈالر کا ٹیکس تجارتی خسارہ شامل ہے۔

مالی سال 18 کے دوران CPI کی اوسط 3.92 فی صد تھی سال بہ سال بمقابلہ مالی سال 17 کے دوران جب یہ اوسط 4.16 فی صد تھی۔ گذشتہ چند مہینوں میں افراط زر کی شرح میں جون کے مقابلے میں 5.21 فی صد اضافہ دیکھنے میں آیا۔ افراط زر کی شرح میں اس اضافے کی وجہ بین الاقوامی تیل کی قیمتوں میں اضافہ اور پاکستانی روپے کی قدر میں کمی ہے۔ حالیہ مہینوں میں افراط زر کی شرح میں اضافہ آئندہ بھی جاری رہنے کی توقع ہے کیوں کہ ملک میں مہنگائی اور اشیاء کی قیمتوں میں اضافہ اس کے دباؤ میں مزید بڑھا دے گا۔ SBP نے پالیسی ریٹ پر سختی کو جاری رکھا ہے اور مالی سال 18 کے آخری حصے میں دو مرتبہ کل 75 پیسے اضافے کے بعد 6.5 فی صد اضافہ کیا۔ (14 جولائی 2018 میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں مزید 100 پیسوں یعنی 7.5 فی صد کا اضافہ کیا۔

FDI مالی سال 18 میں سال بہ سال 0.76 فی صد نمو حاصل کی جو کہ 2.77 ملین امریکی ڈالر ہوتے ہیں جب کہ اس کے مقابلے میں FDI مالی سال 17 میں 2.75 امریکی ڈالر تھی۔ مالی سال 18 میں اہم ترین سرمایہ کاری (بالخصوص سی پیک کے پروجیکٹس کے لیے) چین کی جانب سے کی گئی جس کا حجم 1.58 ملین امریکی ڈالر تھا، یو کے کی جانب سے 279 ملین امریکی ڈالر، امریکا 92 ملین امریکی ڈالر اور سوئٹزرلینڈ 88 ملین امریکی ڈالر کی سرمایہ کاری کی گئی۔

LSM کے اعداد مالی سال 4QFY18 میں مندی کا اشارہ دے رہے ہیں۔ بڑے پیمانے پر بیٹو فلٹرنگ انڈیکس میں مندی کا رجحان دیکھنے میں آیا۔ جون 18 ماہ میں 11.64 فی صد تھا۔ LSM کے اعداد شمار میں مندی بالخصوص فریٹ لائزرز اور لیڈر پروڈکٹس کے شعبوں میں دیکھنے میں آئی جو 18 میں 1.87 فی صد ماہ ماہ اور 0.33 فی صد ماہ ماہ تھی۔ جب کہ 11MFY18 کی بنیاد پر LSM میں 6 فی صد سال بہ سال کی نمو حاصل کی بمقابلہ 11MFY17 کے۔

ایکیویٹی مارکیٹ کا جائزہ

اسٹاک مارکیٹ نے مالی سال 18 میں 10 فی صد کی مندی کے ساتھ اختتام کیا جو کہ 41,910.90 (مالی سال 17 کی اختتامی سطح 46,565.29) تھی۔ مارکیٹ میں دسمبر 2017 تک 18 فی صد کی مندی دیکھنے میں آئی اور 38,000 پوائنٹس کم ہو گئے اس ضمن میں سپریم کورٹ کی جانب سے جولائی 2017 میں سابق وزیر اعظم کی برطرفی کے بعد مارکیٹ میں انتہائی مندی کا رجحان دیکھنے میں آیا۔ اس وقت اہم مائیکرو اکنامک اشاریے واپسی کی جانب مڑنا شروع ہو گئے تھے کیوں کہ حکومت اندرونی اور بیرونی قرضوں پر انحصار کر رہی تھی۔

اسٹاک مارکیٹ نے اپریل 18 تک خود کو سنبھال کر آنے والے مہینوں میں اپنے زیادہ تر نقصانات کی تلافی کر لی۔ (سالانہ بجٹ کے اعلان سے پہلے جس میں بہت سے ٹیکس تاقذ کیے گئے)۔ بہر حال مارکیٹ نے روپے کی گرتی ہوئی قدر سوڈ کی شرح میں اضافے اور زرمبادلہ کے بیرونی ذخائر میں کمی جس کے باعث بیرونی سرمایہ کاری کے اخلاء جیسے مسائل میں بھی اپنے وقار کو زمر نو بحال کیا۔ جن سیکٹروں نے سال کے دوران بہترین کارکردگی کا مظاہرہ کیا ان میں آئل اور ٹیکس سٹاکس شامل کرنے والی کمپنیاں (بین الاقوامی طور پر تیل کی قیمتوں میں اضافہ)، آئل اور گیس مارکیٹنگ کمپنیاں، کھاد (قیمتوں اور مارجن میں بہتری کا عنصر)، ٹیکسٹائل (روپے کی قدر میں کمی) شامل تھیں۔ جن سیکٹروں نے منفی کارکردگی کا مظاہرہ کیا ان میں سینٹ (کونکے کی قیمتوں میں اضافے سے مارجن میں کمی)، آٹو (روپے کی قدر میں کمی سے مارجن میں کمی اور اسٹیل کی قیمتوں میں اضافہ)، اسٹیل (مارجن میں کمی)، فارماسوٹیکلز (روپے کی قدر میں کمی اور پرائس کنٹرول کے باعث مہنگی درآمدات) اور پاور کمپنیاں (شرح سود میں اضافے کے باعث کم پرجشش ڈیویڈنڈ کا اجراء)۔

میںجمنٹ کو ای ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لیٹنڈ نے پرائس انوسٹمنٹ میںجمنٹ لمیٹڈ کو 15 دسمبر 2016 میں میںجمنٹ کو ای ریٹنگ AM3+ کے علاوہ ریٹنگ واچ۔ ڈیولپمنٹ سے بھی نوازا ہے۔ یہ ریٹنگ میںجمنٹ کمپنی کی اعلیٰ درجہ کی انتظامی خصوصیات کو ظاہر کرتی ہے۔

اعطیہاتھکر

میںجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز، سیکریٹری اینڈ ایگزیکٹو کمیشن آف پاکستان کی جانب سے قابل قدر مدد و معاونت اور رہنمائی کے لیے ان کے شکر گزار ہیں۔ علاوہ ازیں بورڈ میںجمنٹ کمپنی کے کارکنان اور سٹیز کی لگن اور جفاکشی و محنت پر ان کا تہ دل سے شکور ہے۔ بورڈ نے یونٹ ہولڈرز کی جانب سے میںجمنٹ پر بھروسہ کرنے پر ان کا بھی شکر یہ ادا کیا۔

راولپنڈی : 24 ستمبر 2018

چیف ایگزیکٹو آفیسر

ڈائریکٹر

This Page Has Been Intentionally Left Blank

**FUND
MANAGER'S REPORT**

FUND MANAGER'S REPORT

- **Category and type of Collective Investment Scheme**
Equities Scheme/ Open end
- **Objective of Collective Investment Scheme**
The objective of PIML-VEF is to achieve long term capital growth by investing mainly in listed equity securities
- **Explanation as to whether the Collective Investment Scheme has achieved its stated objectives**
The collective investment scheme achieved its stated objectives.
- **Benchmark(s) relevant to the Collective Investment Scheme**
KSE - 100 Index
- **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Period	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Fund	-2.78%	-11.33%	0.64%	-5.51%	0.21%	-5.51%	10.84%	-3.57%	4.50%	-1.65%	-5.51%	-3.19%
BM	-1.19%	-10.44%	2.92%	-5.81%	0.99%	-5.81%	8.84%	-1.84%	5.37%	-0.16%	-5.81%	-2.18%
Diff	-1.59%	-0.89%	-2.28%	0.30%	-0.78%	0.30%	2.00%	-1.73%	-0.87%	-1.49%	0.30%	-1.01%

- Strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

VEF delivered negative return of 19.46% in FY18 compared to KSE-100 index decline of 10%YoY in the year. Equities delivered negative return in 2018 after six consecutive years of positive returns with seven years of cumulative average return at 17%. Net assets of the fund reduced to PKR 113.25mn by June 2018 from PKR 205.32mn as of June end 2017 mainly due to redemptions. The fund's Net Asset Value on June 30, 2018 was PKR 105.97.

The Major loss in VEF portfolio was contributed by exposure in cement sector, which overall accounted for 45% of the total decline of 19.46%. This was followed by PAEL, SNGP and INIL, which contributed 31% in the total loss.

During the year we reduced exposure in cement sector from 22% to 10%. We increased our allocation in LUCK from 4.6% (June 2017) to 6.92% while in DGKC it was reduced to 3.1% from 5.1%. At the same time, we exited from other cement stocks such as CHCC, PIOC, FCCL, DGKC and MLCF. In our view, cement sector is expected to face headwinds in the near term and the sector may continue to underperform, however, both these stocks are at discount to their fair values and offer potential upside of over 25%.

We took exit from PAEL during the year as business prospects for the company deteriorated with significant decline in earnings. PAEL contributed 15% in the total loss of the fund during the year.

Stocks which were added (or increased) in the portfolio were PSO, NML, PKGS, INDU, ENGRO, BAFL, GATM, MFL and OLPL. OGDC and PPL were bought and then sold at profit.

Stocks which gave positive return during the year were BAFL, MFL, OGDC, PPL, GATM, MCB, OLPL, PSO and ENGRO.

FUND MANAGER'S REPORT

- **Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)****

Portfolio Allocation	Jun-18	Jun-17
Equity Securities	76.18%	78.79%
Cash at Bank	18.91%	16.52%
Others including receivables	4.91%	4.69%
Total	100.00%	100.00%

- **Collective Investment Scheme's performance**

	Fund
Sharpe Ratio*	-1.25
Treynor Ratio	-0.222
Standard Deviation*	19.33%

*Annualized

- **Changes in total NAV and NAV per unit since the last review period ****

	FY17	FY17
Net Assets PKR Mn	113.25	205.32
NAV/unit (PKR)	105.97	131.59

- **Investment Markets**

- **Equity Review:**

Stock market finished FY18 down 10% to 41,910.90 (from FY17 end level of 46,565.29). Market fell 18% by December 2017 and made a low near 38,000 amid deepening political crises following the disqualification of former Prime Minister Nawaz Sharif in July 2017 by the Supreme Court. During this time, key macroeconomic indicators started to reverse as government resorted to high domestic and external borrowings. Stock market managed to bounce back in subsequent months and recovered most of its losses by April 2018 (ahead of annual budget announcement with many tax concessions), however, the market reversed its course once again amid falling rupee, rising interest rates and falling external reserves which led to increased foreign selling. Sectors which outperformed during the year were oil & gas exploration (increase in international oil prices), oil and gas marketing companies, Fertilizer (increase in prices and improvement in margins), textiles (fall in rupee). Sectors which underperformed were cement (decline in margins due to rise in coal prices), autos (decline in margins due to fall in rupee and increase in steel prices), steel (decline in margins), Pharmaceutical (expensive imports due to fall in rupee and price controls) and Power companies (less attractive dividend yields due to increase in interest rates).

- **Economic Review:**

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to

FUND MANAGER'S REPORT

rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

- Distribution made out of Collective Investment Scheme**

Distribution	
The income distribution made by the Fund was Nil for FY18	
NAV per unit as on	
Cum - NAV (PKR)	105.97
Ex - NAV (PKR)	105.97

- Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

With deteriorating economic conditions and political uncertainty in the year FY18, the KSE-100 index return has slumped by 10%YoY in the year FY18, therefore our VEF has generated negative return of 19.46% in the year FY18. The performance of our portfolio in the year FY18 has increased the negativity in the fund as PAEL, DGKC, NML, SNGP and ENGRO have been in the limelight as updates regarding the i) debarring of WB financed projects, ii) socio political issues in the country and iii) the issue of UFG losses have reduced the Since Inception return to merely 12.89% when compared to benchmark KSE-100 return of 28.63% in the year FY18. Despite news regarding the continued dependency on furnace oil, pension funds liability and the acquisition of KEL with the Shanghai Power Group, KEL, FFL, KAPCO, UBL and DCL have contributed positively in our fund in the year FY18.

Our AUMs in the fund have reduced to the levels of PKR113.26mn in the year FY18 when compared to the FY17 AUMs of PKR205.32mn. In addition to this, we have increased our exposure in Banks in the year FY18 to 18.56% when compared to FY17 exposure of 16.52%. Further, due to slumping equities market in the year FY18 we have reduced significant exposure in the equities by 2.97% to 75.82% in the year FY18 when compared to FY17 equity exposure.

- Breakdown of unit holdings by size**

Range of Shares	
0.0001 - 9,999.9999	73
10,000.0000 - 49,999.9999	2
50,000.0000 - 99,999.9999	2
100,000.0000 - 499,999.9999	3
500,000.0000 & Above	
Total	80

FUND MANAGER'S REPORT

- **Circumstances that materially affect any interest of the unit holders**

Investment is subject to market risk.

- **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme, disclosure of the following:-**

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

PIML Value Equity Fund

PERFORMANCE TABLE / KEY FINANCIAL DATA

Description	(Rs in '000')			
	Year			
	2018	2017	2016	2015
Net Assets	113,249	205,317	234,286	118,307
Net Income	(34,388)	33,179	15,728	9,885
Total return of the Fund	(19.47)	22.36	4.99	9.11
Total dividend distribution	-	-	2.36	4.50
Capital Growth	(19.47)	22.36	2.63	4.61
Average Annual Return				
One Year - in percentage	-19.47%	22.36%	4.99%	9.11%
Two Year - in percentage	1.45%	13.68%	7.05%	n/a
Three Year - in percentage	2.63%	12.15%	n/a	n/a
Net assets value per unit - Rupees	105.97	131.59	109.79	104.57
Highest offer price per unit *	135.62	149.62	114.69	113.18
Lowest offer price per unit *	99.57	109.77	105.19	89.83
Year-end offer price per unit *	108.37	131.59	111.99	106.67
Highest repurchase price per unit *	132.62	149.62	112.44	110.96
Lowest repurchase price per unit *	97.36	109.77	103.12	88.06
Year-end repurchase price per unit *	105.97	131.59	109.79	104.57
Final distribution per unit	-	-	2.36	4.50
Announcement date	-	-	9/Aug/16	26/Jun/15
Total Distribution as % of par value	-	-	2.36	4.50
Number of units in issue - Number	1,068,661	1,560,304	2,133,888	1,131,371

Notes:

- PIML VALUE EQUITY FUND was launched on 13 March 2015.

* Past performance is not necessarily indicative of future performance and that certificate prices and investment returns may go down, as well as up.

**TRUSTEE REPORT TO THE UNIT HOLDERS
PIML VALUE EQUITY FUND**

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 PRIMUS Investment Management Limited - Value Equity Fund (the Fund) are of the opinion that AWT Investments Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 28, 2018

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the annexed financial statements of PIML Value Equity Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, income statement, statement of comprehensive income, statement of movement in unit holders' fund, cash flow statement for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Valuation of Investments</p> <p>Refer to note 6 to the financial statements for the details of investments and the accounting policy in note 4.3 to the financial statements.</p> <p>At 30 June 2018, the Fund's investment portfolio classified as at "Fair value through income statement" comprised of listed equity shares of Rs. 89.081 million representing 78.66 % of net assets value of the Fund as of that date</p> <p>We identified the valuation of investments as a key audit matter because of its significance in relation to the net asset value of the Fund.</p>	<p>Our audit procedures to assess the valuation of investments included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investments; and • assessed on a sample basis whether the investments were valued at fair value based on the rates quoted by Mutual Fund Association of Pakistan (MUFAP) as at 30 June 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
-
-

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended 30 June 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 29 September 2017.

The engagement partner responsible for the audit resulting in this independent auditor's report is **Amyr Pirani**.

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

FINANCIAL STATEMENTS

PIML Value Equity Fund

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2018**

	<i>Note</i>	2018 (Rupees in '000)	2017
Assets			
Bank balances	5	22,112	35,852
Investments	6	89,785	164,798
Security deposits	9	2,600	2,600
Other receivables	7	2,072	5,241
Deferred formation cost	8	365	580
Total assets		116,935	209,071
Liabilities			
Payable to the Management Company	10	844	501
Remuneration payable to the Trustee	11	58	58
Annual fee payable to the Securities and Exchange Commission of Pakistan	12	130	263
Accrued expenses and other liabilities	13	2,652	2,933
Total liabilities		3,684	3,755
Contingencies and commitment	14		
Net assets		113,251	205,316
Unit holders' fund		113,251	205,316
		(Number)	
Number of units in issue	15	1,068,661	1,560,304
		(Rupees)	
Net assets value per unit		105.97	131.59

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Value Equity Fund

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 (Rupees in '000)	2017
Income			
(loss) / gain on sale of held for trading investments - net		(20,082)	46,131
Unrealised (loss) / gain on revaluation of held for trading investments - net		(14,393)	1,463
Return on bank balances		842	1,690
Dividend income (on held for trading investments)		5,006	10,142
		<u>(28,627)</u>	<u>59,426</u>
Expenses			
Remuneration of the Management Company	10.1	2,731	5,544
Sindh sales tax on Management Company's remuneration	13.3	355	721
Remuneration of the Trustee	11	700	702
Sindh sales tax on Trustee's remuneration		91	91
Annual fee to the Securities and Exchange Commission of Pakistan	12	130	263
Amortisation of deferred formation cost	8	215	215
Auditors' remuneration	16	215	209
Bank and settlement charges		396	269
Securities transaction costs		288	1,733
Other expenses		545	-
Printing charges		66	60
Stock Exchange fees and charges		28	40
Total expenses		<u>5,760</u>	<u>9,847</u>
Net (loss) / income from operating activities		<u>(34,387)</u>	49,579
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		-	(15,414)
Reversal of provision for Workers' Welfare Fund	13.1	-	202
Provision for Sindh Workers' Welfare Fund	13.1	-	(1,188)
Net (loss) / income for the year before taxation		<u>(34,387)</u>	<u>33,179</u>
Taxation	18	-	-
Net (loss) / income for the year after taxation		<u>(34,387)</u>	<u>33,179</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Value Equity Fund

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	(Rupees in '000)	
Net income for the year	(34,387)	33,179
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(34,387)	33,179

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PIML Value Equity Fund

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year after taxation	(34,387)	33,179
Adjustments for:		
Loss / (gain) on sale of held for trading investments - net	20,082	(46,131)
Unrealised loss / (gain) on revaluation of held for trading investments - net	14,393	(1,463)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	15,414
Amortisation of deferred formation cost	215	215
Return on bank balances	(842)	(1,690)
Dividend income (on held for trading investments)	(5,006)	(10,142)
	<u>(5,545)</u>	<u>(10,618)</u>
Decrease in assets		
Investments - net	41,242	98,630
Other receivables	2,148	(2,853)
	43,390	95,777
(Decrease) / Increase in liabilities		
Payable to the Management Company	343	16
Remuneration payable to the Trustee	-	(77)
Annual fee payable to Securities and Exchange Commission of Pakistan	(133)	75
Accrued expenses and other liabilities	(280)	876
	(70)	890
Return received on bank balances	838	1,751
Dividend income received (on held for trading investments)	5,325	9,809
Income tax paid	-	(609)
Net cash flows from operating activities	<u>43,938</u>	<u>97,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units (net of re-investment)	34,866	843,665
Amount paid on redemption of units	(92,544)	(921,226)
Net cash flows from financing activities	<u>(57,678)</u>	<u>(77,561)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(13,740)</u>	<u>19,439</u>
Cash and cash equivalents at the beginning of the year	35,852	16,413
Cash and cash equivalents at end of the year	<u>22,112</u>	<u>35,852</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 PIML Value Equity Fund ("the Fund") was established under a Trust Deed, dated 15 May 2013, executed between AWT Investments Limited, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as a Trustee, also incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Securities and Exchange Commission of Pakistan (SECP) registered the Fund as a Notified Entity on 25 November 2013, under Regulations 44 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (Establishment and Regulation) Rules.

1.2 On 26 July 2017, Securities and Exchange Commission of Pakistan gave its approval for the change of the name of the Management Company from Primus Investment Management Limited to AWT Investments Limited. The change was made pursuant to the acquisition 70% shares of the Management Company by Army Welfare Trust (AWT).

Subsequent to the year end on 02 August 2018 AWT acquired further 30% shares of the Management Company.

1.3 The Management Company of the Fund has been licensed by Securities and Exchange Commission of Pakistan (SECP) to undertake asset Management Services and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Registered office of the Management Company is situated at 3rd Floor, AWT Plaza, I.I Chundrigar Road, Karachi.

1.4 The Fund offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Scheme is an 'Open end Equity Scheme' as per the criteria for the categorization of open-end collective investment schemes specified by the Securities and Exchange Commission of Pakistan. The objective of the Fund is to achieve long term capital growth by investing mainly in listed equity securities.

The Scheme is permitted to invest in secured, unsecured, listed equity market securities (subject to minimum limit of 70% during the year based on quarterly average investment calculated on a daily basis) including treasury bills not exceeding 90 days maturity and cash or near cash instruments, including cash in bank accounts (excluding TDRs), equity securities not listed on the stock exchange (where application for listing has been accepted by the stock exchange) (upto a limit of 15%), Investment outside Pakistan, including international listed securities and foreign currency bank deposits (excluding TDRs), subject to such conditions as imposed by SECP and with the prior approval of SECP and SBP (upto 30%, subject to a cap of USD 15 million) and any other securities or instrument that may be permitted by commission (upto a limit of 30%).

1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured 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. All financial information presented in Pak Rupees has been rounded off to the nearest thousand rupees, except otherwise stated.

PIML Value Equity Fund

2.4 Use of judgments and estimates

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 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 the application of accounting policies are given below:

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in Note 4.3 regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ended 30 June 2018 are included in the following notes:

- Notes 4.3.1 and 4.3.2 - Valuation of investments
- Notes 4.12 and 4.15 - Impairment of financial instruments and other assets
- Notes 13.1, 13.2 and 13.3 - Recognition of provision for Sindh Workers' Welfare Fund Federal Excise Duty and Sindh Sales tax on Federal Exercise Duty respectively
- Notes 4.9 and 18 - Taxation

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not likely to have an impact on the Fund's financial statements.

PIML Value Equity Fund

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. The management is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on the adoption of the standard. However the management considers that the impact would not be significant.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management is in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments on the adoption of the standard and impairment required under the expected credit loss model. However the management considers that there would not be a significant financial impact.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company premeasures its previously held interest in a joint operation when it obtains control of the business. A company does not premeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Fund's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to periods presented except for the change in accounting policy for element of income (refer note 4.1).

New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.1 Element of income / (loss)

Up to 30 June 2017, 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 accounting period was recognized in income statement on a net basis.

PIML Value Equity Fund

Securities & Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". As per the above SRO, element of income represents the difference between net assets value per unit on the issuance or the redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. It also mentions that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on the issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to Income Statement" (relating to allocation of net income for the year) and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed directly in the Statement of movements in unit holders' fund instead of the income statement. "MUFAP, in consultation with the SECP, has specified a methodology for the determination of income paid on units redeemed (income already paid) under which such income is paid on gross element receipt basis and is calculated from the latest date at which the Fund achieved net profitability during the year.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated. Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs. 7.017 million in respect of element of income. However, the change in accounting policy does not have any impact on net asset value per unit.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity period of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.3 Investments

4.3.1 All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the Income Statement.

4.3.2 The Fund classifies its investments in Financial asset at fair value through income statement:

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through income statement upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through income statement upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial recognition, the investments in listed equity instruments are remeasured at fair value determined with reference to Stock Exchange quoted market prices at the close of period end. Gains or losses on investments on remeasurement of these investments are recognized in the income statement.

4.3.3 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

4.4 Deferred formation cost

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of five years i.e. effective from 4 March 2014.

4.5 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 that day. 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 if applicable, is payable to the investment facilitators, distributors and the Management Company.

PIML Value Equity Fund

Units redeemed are recorded at the redemption price, applicable to units for which the distributors 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.

4.6 Net assets value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.7 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investment classified as at fair value through income statement is included in the income statement in the period in which it arises.
- Dividend income is recognized when the right to receive the dividend is established.
- Profit on bank balances are recognised at effective profit rates based on a time proportion basis.

4.8 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.9 Taxation

The income of the Fund is exempt from Income Tax under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its 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.

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.

4.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund ceases to be a party to such contractual provisions of the instrument, that is, when the rights to receive cash flows have expired, balance has been realised or when the Fund has transferred substantially all the risk and rewards incidental to ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or when it has expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

All financial assets are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, financial assets (other than the held for trading investments mentioned in note 4.2 above) comprising of loans and receivables (representing non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) are carried at amortised cost. However, these are estimated to approximate to its fair value.

Financial liabilities are initially recognised at fair value and subsequently stated at amortised cost, which is also estimated to approximate to its fair value.

PIML Value Equity Fund

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Impairment

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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

4.13 Dividend distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

4.14 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.15 Other assets

Other assets are stated at cost less impairment losses, if any.

4.16 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.

5. BANK BALANCES

Note	2018	2017
	(Rupees in '000)	
	4	4
5.1	<u>22,108</u>	<u>35,848</u>
	<u>22,112</u>	<u>35,852</u>

Balances with banks in:

- Current account
- Profit and loss sharing accounts

5.1 These accounts carry profit rates ranging from 6% to 6.50% (2017: 4% to 6.40%) per annum. These also include balance of Rs. 12,368 (2017: Rs. 22,034) held with Silk Bank Limited, a related party.

6. INVESTMENTS

Note	2018	2017
	(Rupees in '000)	
6.1	<u>89,081</u>	<u>164,798</u>
6.2	<u>704</u>	<u>-</u>
	<u>89,785</u>	<u>164,798</u>

As at fair value through income statement - held for trading

Advance against subscription of shares

PIML Value Equity Fund

6.1 Investments in securities - held for trading

Face value of Rs. 10/- each unless stated otherwise.

Sectors / Companies	Holding at beginning of the year	Acquired during the year	Bonus received during the year	Disposed during the year	Holding at end of the year	Carrying value before revaluation as at 30 June 2018	Market value / carrying value as at 30 June 2018 (after revaluation)	Unrealised loss / (gain) net	Market value as % of total investments	Market value as % of net assets
	------(Number of shares)-----					------(Rupees In '000)-----				
Engineering										
Mughal Iron & Steel Industries Limited - note 6.2	263	32,000	-	2,000	30,263	2,154	1,859	296	2.09	1.64
International Industries Limited	15,000	2,500	-	1,500	16,000	5,838	3,717	2,121	4.17	3.28
Aisha Steel Limited	317,000	120,000	-	102,000	335,000	6,724	5,283	1,441	5.93	4.66
						14,716	10,859	3,857	12.19	9.59
Cement										
D.G. Khan Cement Company Limited - note 6.2.1	50,000	23,000	-	43,000	30,000	6,349	3,435	2,915	3.86	3.03
Fauji Cement Company Limited	95,000	75,000	-	170,000	-	-	-	-	-	-
Cherat Cement Company Limited	55,000	14,000	-	69,000	-	-	-	-	-	-
Kohat Cement Company Limited	10,000	-	-	10,000	-	-	-	-	-	-
Maple leaf Cement Factory Limited	22,500	20,500	3,750	43,000	3,750	244	190	53	0.21	0.17
Lucky Cement Company Limited (related party)	11,500	9,500	-	5,000	16,000	12,378	8,127	4,251	9.12	7.18
Pioneer Cement Limited	50,000	1,000	-	51,000	-	-	-	-	-	-
						18,971	11,752	7,219	13	10.38
Power Generation & Distribution										
K- Electric Limited (face value of Rs. 3.5 each)	400,000	310,000	-	710,000	-	-	-	-	-	-
Kot Addu Power Company Limited - note 6.3	70,000	-	-	70,000	-	-	-	-	-	-
						-	-	-	-	-
Textile Composite										
Gul Ahmed Textile Mills Limited	-	50,000	-	-	50,000	1,675	2,147	(472)	2.41	1.90
Nishat Mills Limited	17,000	41,900	-	-	58,900	8,749	8,300	449	9.32	7.33
						10,424	10,447	(23)	11.73	9.22
Oil & Gas Exploration Companies										
Pakistan Petroleum Limited	-	23,000	-	23,000	-	-	-	-	-	-
Oil and Gas Development Company Limited	-	52,000	-	52,000	-	-	-	-	-	-
						-	-	-	-	-
Commercial Banks										
Bank Alfalah Limited	145,000	5,000	-	25,000	125,000	5,028	6,536	(1,508)	7.34	5.77
National Bank of Pakistan	50,000	-	-	50,000	-	-	-	-	-	-
United Bank Limited	16,000	35,000	-	51,000	-	-	-	-	-	-
MCB bank Limited	25,000	5,000	-	30,000	-	-	-	-	-	-
Faysal Bank Limited	17,500	2,625	-	131	19,994	391	520	(129)	0.58	0.46
						5,419	7,056	(1,637)	7.92	6.23
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited - note 6.2	26,000	14,000	6,000	10,000	36,000	11,849	11,459	390	12.86	10.12
Sui Northern Gas Pipelines Limited	63,000	17,500	-	80,500	-	-	-	-	-	-
						11,849	11,459	390	12.86	10.12
Fertilizer										
Engro Corporation Limited - note 6.3	20,000	11,500	-	6,500	25,000	8,191	7,847	345	8.81	6.93
Dawood Hercules Corporation Limited	14,000	6,000	-	20,000	-	-	-	-	-	-
						8,191	7,847	345	8.81	6.93
Insurance										
Adamjee Insurance Company Limited - note 6.3	143,000	6,000	-	149,000	-	-	-	-	-	-
IGI Insurance Limited	13,000	-	-	13,000	-	-	-	-	-	-
						-	-	-	-	-
Pharmaceuticals										
Searle Company Limited - note 6.2	10,901	3,300	1,400	7,200	8,401	3,527	2,852	675	3.20	2.52
Glaxo Smithkline Limited	35,000	1,000	-	16,000	20,000	3,931	3,320	611	3.73	2.93
						7,458	6,172	1,286	6.93	5.45
Chemical										
Engro Polymer & Chemicals Limited	-	210,000	-	210,000	-	-	-	-	-	-
Automobile Assembler										
Indus Motor Company Limited	1,500	2,500	-	-	4,000	6,904	5,686	1,218	6.38	5.02
Pak Suzuki Motor Company Limited	7,000	-	-	7,000	-	-	-	-	-	-
						6,904	5,686	1,218	6.38	5.02

PIML Value Equity Fund

Sectors / Companies	Holding at beginning of the year	Acquired during the year	Bonus received during the year	Disposed during the year	Holding at end of the year	Carrying value before revaluation as at 30 June 2018	Market value / carrying value as at 30 June 2018 (after revaluation)	Unrealised loss / (gain) net	Market value as % of total investments	Market value as % of net assets
	------(Number of shares)-----					------(Rupees In '000)-----				
Cable & Electrical Goods										
Pak Electron Limited	55,000	35,000	-	90,000	-	-	-	-	-	-
Paper & Board										
Packages Limited (related party)	4,000	8,650	-	-	12,650	8,078	6,195	1,883	6.95	5.47
General Industrials										
Synthetic Products Limited	100,000	-	-	40,500	59,500	4,489	3,040	1,449	3.41	2.68
Industrial Transportation										
Pakistan Int Bulk Terminal Limited	-	175,000	-	175,000	-	-	-	-	-	-
Leasing										
Orix Leasing Limited	-	100,000	-	-	100,000	4,053	4,347	(294)	4.88	3.84
Food & Personal Care Products										
Matco Foods Limited	-	112,335	-	-	112,335	2,921	4,222	(1,301)	4.74	3.73
Held for trading investments as at 30 June 2018						103,473	89,081	14,392	100	78.66
Cost of held for trading investments as at 30 June 2018						102,250				
Carrying value of held for trading investments as at 30 June 2017						163,335				
Cost for held for trading investments as at 30 June 2017						163,559				

6.2 Finance Act, 2014 had introduced tax on bonus shares issued by the Companies. Most Equity Funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, up to the period end, tax in the shape of 202 shares of The Searle Company Limited (till 30 June 2017: 111), 300 shares of Pakistan State Oil Company Limited (30 June 2017: Nil) and 263 shares of Mughal Iron and Steel Industries Limited (30 June 2017: 263) had been withheld by CDC. Market value of these shares as at 30 June 2018 amounted to Rs. 0.180 million (30 June 2017: 0.078 million) and are included in the fund's investments in these financial statements.

6.3 Following shares have been pledged with National Clearing Company of Pakistan Limited:

	2018 (Number of Shares)	2017	2018 (Rupees in '000)	2017
Engro Corporation Limited	22,000	-	6,905	-
Adamjee Insurance Company Limited	-	82,000	-	5,606
Kot Addu Power Company Limited	-	70,000	-	5,041
	22,000	152,000	6,905	10,647

6.4 Advance against subscription of shares

This represents the subscription amount in the book building of ordinary shares of At-Tahur Limited. The bid was successful and 27,026 shares were transferred to the fund subsequent to the year end. These shares currently are listed on the Pakistan Stock Exchange. On 10 September 2018 market value of the above shares were Rs. 0.731 million.

PIML Asset Allocation Fund

7. OTHER RECEIVABLES	<i>Note</i>	2018	2017
		(Rupees in '000)	
Dividend receivable (on held for trading investments)		399	718
Return receivable on bank balances		32	30
Income tax recoverable	7.1	1,641	1,641
Receivable against sale of investment (subsequently received)		-	2,852
		<u>2,072</u>	<u>5,241</u>

7.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under sections 150A, 151 and 233 of ITO 2001. However, the Federal Board of Revenue has made it mandatory to obtain exemption certificates under section 159(1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the year the Fund got the exemption certificate. Prior to receiving tax exemption certificate(s) from CIR, various withholding agents had deducted advance tax under ITO 2001. The management is confident that the same shall be refunded to the Fund.

8. DEFERRED FORMATION COST	<i>Note</i>	2018	2017
		(Rupees in '000)	
As at 01 July / formation cost incurred		580	795
Amortised to the income statement during the year		(215)	(215)
As at 30 June		<u>365</u>	<u>580</u>

As per the offering document expenses incurred in connection with the establishment and registration of the Scheme including execution and registration of the Constitutive Document(s), issue, legal costs, printing, circulation and publication of the Constitutive Document(s) and Offering Document(s), announcements describing the Scheme and all expenses incurred during the Initial Period shall be borne by the Management Company and shall be immediately reimbursable by the Scheme, subject to the audit of the expenses. The said formation cost shall be amortized by the Scheme over a period of not less than five years or any other period as specified by the SECP. Accordingly, these expenses are being amortised over five years period beginning 10 March 2015.

9. SECURITY DEPOSITS	<i>Note</i>	2018	2017
		(Rupees in '000)	
National Clearing Company of Pakistan Limited		2,500	2,500
Central Depository Company of Pakistan Limited		100	100
		<u>2,600</u>	<u>2,600</u>

10. PAYABLE TO THE MANAGEMENT COMPANY	<i>Note</i>	2018	2017
Remuneration payable to the Management Company	10.1	190	392
Formation cost payable		109	109
Other expenses payable - Allocation of expenses from Management Company	10.2	545	-
		<u>844</u>	<u>501</u>

10.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to remuneration equal to an amount not exceeding 2% of average annual net assets. Management Company has charged remuneration at the rate of 2% per annum based on the daily net assets of the Fund during the year ended 30 June 2018.

Details of the movement in the balance payable to the Management Company is as follows:

Balance as of 1 July	392	376
Remuneration for the year	2,731	5,544
Paid during the year	(2,933)	(5,528)
Balance as of 30 June	<u>190</u>	<u>392</u>

PIML Value Equity Fund

10.2 Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 40 of 2016 dated 30 December, 2016 has allowed the Asset Management Companies (AMCs) to charge selling and marketing expenses to collective investment schemes managed by them. These expenses have been allowed initially for three years (from 01 January, 2017 till 31 December, 2019) to be charged to open end equity, asset allocation and index funds only. Moreover, the maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of fund or actual expenses whichever is lower which limit the expenses have been allocated to the Fund).

10.3 Under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, fees and expenses for registrar services, accounting, operation and valuation services relating to the Fund up to a maximum of 0.1% of the average annual net assets of the Scheme or actual expense, whichever is less, shall be payable by the Fund to the Management Company.

However, above mentioned expenses are not being charged by the Management Company to the Fund to protect the interest of the unit holders of the Fund. Above expenses, had it been charged to the Fund, would not have been material.

11. REMUNERATION PAYABLE TO THE TRUSTEE

Central Depository Company of Pakistan Limited (The Trustee) is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

- up to rupees one billion	Rs. 700,000 or 0.2% per annum of the daily net assets, whichever is higher.
- exceeding rupees one billion	Rs. 2,000,000 plus 0.1% per annum of the daily net assets of the Fund exceeding rupees one billion.

Details of the movement in the balance payable to the trustee is as follows:

	2018 (Rupees in '000)	2017
Balance as of 1 July	58	135
Remuneration for the year	700	702
Paid during the year	(700)	(779)
Balance as of 30 June	<u>58</u>	<u>58</u>

12. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the Fund in accordance with the regulations 62 of the NBFC Regulation 2008.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>Note</i>	2018 (Rupees in '000)	2017
Provision for Sindh Workers' Welfare Fund	13.1	1,189	1,189
Withholding tax payable		42	14
Federal Excise Duty payable on Management Company's remuneration	13.2	942	942
Sindh Sales Tax payable on Management Company's remuneration	13.3	158	184
Sindh sales tax payable on Trustee remuneration		8	7
Auditors' remuneration payable		143	152
Other payable		170	444
		<u>2,652</u>	<u>2,932</u>

13.1 Provision for Sindh Workers Welfare Fund is being made on a daily basis going forward pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management has recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

PIML Value Equity Fund

The total provision for SWWF till 30 June 2018 is Rs. 1.189 million (30 June 2017: Rs 1.189). Had the provision not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 1.12 per unit.

Furthermore, on 10 November 2016, Honourable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition with the SCP against the said judgment, which is pending hearing. While the petitions filed by the Collective Investment Schemes (CISs) on the matter are still pending before the Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) have taken legal and tax opinions on the impact of the SCP's judgement on the CISs petition before the SHC. Both the legal and tax advisors consulted were of the view that the SCP's judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Pursuant to above MUFAP recommended that the entire provision of Rs. 0.202 million against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017.

- 13.2** 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 04 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. This amount is payable to the Management Company for onward payment to the government.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained provision for FED amounting to Rs. 0.942 million. Had the provision not been made, NAV per unit of the Fund as at June 30, 2018 would have been higher by Rs. 0.89 per unit (2017: 0.60 per unit).

- 13.3** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2017: 13%) on Management Company's remuneration. Above liability includes Rs. 108,165 (2017: Rs. 108,165) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 13.2 above. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Rs. 0.11 (2017: Re. 0.07) per unit. This amount is payable to the Management Company for onward payment to the government.

14. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the year end except as those mentioned else where in these financial statements.

15. NUMBER OF UNITS IN ISSUE

	2018	2017
	(Numbers)	
As at 01 July	1,560,304	2,133,888
Issued during the year	286,274	6,588,031
Redemptions during the year	(777,917)	(7,161,615)
As at 30 June	<u>1,068,661</u>	<u>1,560,304</u>

16. AUDITORS' REMUNERATION

	2018	2017
	(Rupees in '000)	
Annual audit fee	98	98
Fee for the review of half yearly financial statements	58	58
Fee for the review of statement of compliance with the best practices of Code of Corporate Governance	-	15
Report on Statements of net income and gains	-	15
Out of pocket expenses (including government levy)	59	23
	<u>215</u>	<u>209</u>

PIML Value Equity Fund

17. TOTAL EXPENSE RATIO

Total expense ratio (comprising of all the expenses, including the government levies, incurred during the year divided by average net asset value for the year) is 4.22% per annum. Total expense ratio (excluding government levies) is 3.77% per annum. As per the NBFC Regulations, 2008 total expense ratio of the Equity Scheme shall be capped upto 4% (excluding the government levies).

18. 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 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. Since during the year, the Fund incurred loss, no dividend has been declared.

19. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	----- (Rupees In '000) -----		
Opening balance as at 1 July 2017	-	-	-
Receivable against issuance of units	34,866	-	34,866
Payable against redemption of units	-	(92,544)	(92,544)
	34,866	(92,544)	(57,678)
Amount received on issuance of units	(34,866)	-	(34,866)
Amount paid on redemption of units	-	92,544	92,544
	(34,866)	92,544	57,678
Closing balance as at 30 June 2018	-	-	-

20. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include AWT Investments Limited being the Management Company, Central Depository Company of Pakistan Limited being the trustee, Pak Brunei Investment Company Limited, being an associated company of the Management Company, other funds managed by the Management Company, associated companies (if any) of the management company, entities in which the above parties or their connected persons have a material interest, Key Management Personnel and includes entities holding 10% or more units of the Fund as at 30 June 2018 or during the year. It also includes the staff retirement funds of the above related parties / connected person. Details of the transactions and balances with the related parties / connected persons, other than those which has been disclosed elsewhere are as follows:

PIML Value Equity Fund

20.1 Balances with related parties / connected persons as at year end	Note	2018 (Rupees in '000)	2017
AWT Investments Limited - Management Company of the Fund			
Remuneration payable to the Management Company	10	<u>190</u>	<u>392</u>
Formation cost payable (paid by the Management Company)	10	<u>654</u>	<u>109</u>
Units held - 212,949 units (2017: 212,166 units) (representing 19.93% of the net assets as of 30 June 2018)	20.5	<u>22,567</u>	<u>27,919</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable to the Trustee	11	<u>58</u>	<u>58</u>
Security deposit	9	<u>100</u>	<u>100</u>
Custodian Charges		<u>-</u>	<u>5</u>
Pak Brunei Investment Company Limited - associated company of the Management Company			
Units held - 386,253 units (2017: 371,393 units) (representing 36.14% of the net assets as of 30 June 2018)	20.5	<u>40,931</u>	<u>48,872</u>
Askari General Insurance Co. Ltd.			
Units held - 84,991 units (2017: Nil units) (representing 7.95% of the net assets as of 30 June 2018)		<u>9,006</u>	<u>-</u>
Primus Investment Management Limited - Employee Provident Fund			
Units held - 5,602 units (2017: 5,602 units) (representing 0.52% of the net assets as of 30 June 2018)	20.5	<u>594</u>	<u>737</u>
Ten percent or more holding			
Units held - 173,820 units (2017: Nil units) (representing 16.26% of the net assets as of 30 June 2018)	20.5	<u>18,420</u>	<u>-</u>
Silk Bank Limited (Common Directorship)			
Bank Balance		<u>12</u>	<u>22</u>
Key Management Personnel of the Management Company			
Units held - Nil units (2017: 23,611 units)	20.5	<u>-</u>	<u>3,107</u>

PIML Value Equity Fund

20.2 Details of transactions with related parties / connected persons during the year	Note	2018 (Rupees in '000)	2017
AWT Investments Limited - Management Company of the Fund			
Remuneration of the Management Company	10.1	<u>2,731</u>	<u>5,544</u>
Issuance of 783 units (2017: 585,865 units)		<u>86</u>	<u>75,626</u>
Redemption of NIL units (2017: 702,327 units)		<u>-</u>	<u>87,387</u>
Dividend paid		<u>-</u>	<u>776</u>
Front end load		<u>-</u>	<u>74</u>
Gain on redemption of units - net (earned by the investor)		<u>-</u>	<u>10,985</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration to the Trustee	11	<u>700</u>	<u>702</u>
Settlement charges		<u>35</u>	<u>76</u>
Pak Brunei Investment Company Limited - associated company of the Management Company			
Issuance of 14,860 units (2017: 2,253,355 units)		<u>1,635</u>	<u>300,953</u>
Redemption Nil units (2017: 2,597,349 units)		<u>-</u>	<u>432,146</u>
Gain on redemption of units - net (earned by the investor)		<u>-</u>	<u>127,818</u>
Dividend paid		<u>-</u>	<u>3,375</u>
Askari General Insurance Co. Ltd.			
Issuance of 84,991 units (2017: 2,253,355 units)		<u>9,397</u>	<u>-</u>
Primus Investment Management Limited - Employee Provident Fund			
Issuance of Nil units (2017: 101 units)		<u>-</u>	<u>11</u>
Dividend paid		<u>-</u>	<u>13</u>
Key Management Personnel of the Management Company			
Issuance of Nil units (2017: 22,618 units)		<u>-</u>	<u>3,035</u>
Redemption of 17,579 units (2017: 356 units)		<u>2,183</u>	<u>52</u>
Dividend paid		<u>-</u>	<u>3</u>
Gain on redemption of units - net (earned by the investor)		<u>-</u>	<u>2</u>
Silk Bank Limited (Common Directorship)			
Bank profit received		<u>-</u>	<u>112</u>
20.3 Remuneration payable to the Management Company and the Trustee have been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.			

PIML Value Equity Fund

20.4 Purchase and redemption of units of the Fund by related parties / connected persons are recorded at the applicable net asset value per unit. Purchase of listed shares of the related parties by the Fund are recorded at the rate purchased through the Paskitan Stock Exchange. Other transactions are at agreed rates.

20.5 This reflects the position of related party / connected person status as of 30 June 2018.

21. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- Credit risk (refer note 21.1)
- Liquidity risk (refer note 21.2)
- Market risk (refer note 21.3)

Risk management framework

The Board of directors of the Management Company has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on the limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how the management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

21.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of securities and security deposits.

The carrying amount of financial assets represents the maximum credit exposure.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer / counterparty is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at 30 June was as follows:

PIML Value Equity Fund

	2018		2017	
	Balance as per the Statement of Asset and Liabilities	Maximum Exposure	Balance as per the Statement of Asset and Liabilities	Maximum Exposure
----- (Rupees in '000) -----				
Bank balances (including profit due)	22,144	22,144	35,882	35,882
Investments	89,785	-	164,798	-
Security deposits	2,600	2,600	2,600	2,600
Other receivables	399	399	3,570	3,570
	114,928	25,143	206,850	42,052

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in equity securities including advance thereof amounting in total of Rs 89.785 (2017: Rs. 164.797 million) is not exposed to credit risk.

Bank Balances

The Fund's cash and cash equivalents at 30 June 2018 with banks having following credit ratings:

Ratings	2018	2017	2018	2017
	(Rupees in '000)		(%)	
A1+	2,175	34,617	9.82	96.47
A1	-	219	-	0.61
A-1+	16	4	0.07	0.01
A-1	19,940	1,020	90.05	2.84
A-2	13	22	0.06	0.06
Total balance (including profit due)	22,144	35,882	100	100

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affects the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2018	2017	2018	2017
	(Rupees in '000)		(%)	
Commercial banks (including profit due)	22,144	35,882	88.07	85.33
National Clearing Company of Pakistan Limited- security deposit	2,500	5,352	9.94	12.73
Central Depository Company of Pakistan Limited - security deposit	100	100	0.40	0.24
Oil and Gas - dividend receivable	363	371	1.44	0.88
Food and Personal Care Products - dividend receivable	36	-	0.14	-
Power and generation - dividend receivable	-	50	-	0.12
Engineering _ dividend receivable	-	54	-	0.13
Fertilizer - dividend receivable	-	210	-	0.50
Automobile Assembler - dividend receivable	-	33	-	0.08
	25,143	42,052	100	100

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2018. All financial assets of the Fund as at 30 June 2018 are unsecured.

PIML Value Equity Fund

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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.

Maturity analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

	Contractual cash flows	
	Carrying amount	Less than 1 month
	(Rupees in '000)	
30 June 2018		
<i>Non-derivative liabilities</i>		
<i>(excluding unit holders' fund)</i>		
Payable to the Management Company	844	844
Remuneration payable to the Trustee	58	58
Accrued expenses and other liabilities*	313	313
	<u>1,215</u>	<u>1,215</u>
Unit holders' fund	<u>113,251</u>	<u>113,251</u>

PIML Value Equity Fund

30 June 2017	Contractual cash flows	
	Carrying amount	Less than 1 month
	(Rupees in '000)	
<i>Non-derivative liabilities</i> <i>(excluding unit holders' fund)</i>		
Payable to the Management Company	501	501
Remuneration payable to the Trustee	58	58
Accrued expenses and other liabilities*	596	596
	<u>1,155</u>	<u>1,155</u>
Unit holders' fund	<u>205,316</u>	<u>205,316</u>

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company's remuneration, Sindh sales tax on Trustee's remuneration, annual fee payable to Securities and Exchange Commission of Pakistan and withholding tax payable .

Above financial liabilities do not carry any mark-up and are unsecured.

21.3 Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

Management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk and equity price risks.

21.3.1 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 interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

Interest rate profile of the Fund's interest-bearing financial instruments is as follows:

	2018	2017
	(Rupees in '000)	
Variable rate instruments		
Financial assets (Bank balances)	<u>22,108</u>	<u>35,848</u>

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 221,080 (2017: Rs. 358,480). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Bank balances are repriced by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the Fund's liabilities are subject to interest rate risk.

21.3.2 Other market price risk

The Fund is exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Pakistan Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

PIML Value Equity Fund

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund's policy is to manage price risk through diversification and selection of securities within the specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of the issued capital of that investee company and the net assets of the Fund with overall limit of 30% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investments in industrial / economic sectors are given in note 6.1.

Sensitivity Analysis

All of the Fund's listed equity investments are listed on Pakistan Stock Exchange. For such investments classified as at fair value through income statement, due to 5% increase or decrease in the fair values of the equity investments, would have increased or decreased the income statement and the unit holders' fund by Rs. 4,454,029 (30 June 2017: Rs. 8,239,855).

21.4 Unit holder's fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units. Refer notes 15 also for the relevant details.

22.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 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 Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (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:

PIML Value Equity Fund

	Note	Carrying amount				Fair value				
		Fair value through income statement	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2018										
Financial assets measured at fair value										
Listed equity securities	6	89,081	-	-	-	89,081	89,081	-	-	89,081
Financial assets not measured at fair value										
Investment - advance against subscription of shares	6	-	-	704	-	704	-	-	-	-
Bank balances	5	-	-	22,112	-	22,112	-	-	-	-
Other receivables	7	-	-	431	-	431	-	-	-	-
Security deposits	9	-	-	2,600	-	2,600	-	-	-	-
		-	-	25,847	-	25,847	-	-	-	-
Financial liabilities not measured at fair value										
Payable to the Management Company	10	-	-	-	844	844	-	-	-	-
Remuneration payable to the Trustee	11	-	-	-	58	58	-	-	-	-
Accrued expenses and other liabilities	13	-	-	-	313	313	-	-	-	-
		-	-	-	1,215	1,215	-	-	-	-

	Note	Carrying amount				Fair value				
		Fair value through income statement	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2017										
Financial assets measured at fair value										
Equity securities	6	164,798	-	-	-	164,798	164,798	-	-	-
		164,798	-	-	-	164,798	164,798	-	-	-
Financial assets not measured at fair value										
Bank balances	5	-	-	35,852	-	35,852	-	-	-	-
Dividend and other receivable	7	-	-	3,600	-	3,600	-	-	-	-
Security deposits	9	-	-	2,600	-	2,600	-	-	-	-
		-	-	42,052	-	42,052	-	-	-	-
Financial liabilities not measured at fair value										
Payable to the Management Company	10	-	-	-	501	501	-	-	-	-
Remuneration payable to the Trustee	11	-	-	-	58	58	-	-	-	-
Accrued expenses and other liabilities	13	-	-	-	596	596	-	-	-	-
		-	-	-	1,155	1,155	-	-	-	-

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

PIML Value Equity Fund

22 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, list of top brokers by percentage of commission the paid, members of the Investment Committee, fund manager, meetings of the Board of Directors, credit rating of the Fund and the Management Company of the Fund as required under Schedule V of Non Banking Finance Companies and Notified Entities Regulations, 2008 are as follows:

22.1 Unit holding pattern of Fund

Category	2018		
	Number of	Investment (Rupees in '000)	Percentage of ---- (%) ---
Individuals	71	6,138	5%
Associates	4	73,101	65%
Retirement Funds	1	18,421	16%
Others	4	15,591	14%
	80	113,251	100%

Category	2017		
	Number of	Investment (Rupees in '000)	Percentage of ---- (%) ---
Individuals	43	34,708	18%
Associates	3	80,633	38%
Retirement Funds	5	28,618	14%
Others	5	61,358	30%
	56	205,316	100%

22.2 List of top brokers by percent of the commission paid

The list of brokers by percentage of the commission paid during the year ended 30 June 2018 are as follows:

Name of broker	Percentage of commission / brokerage %
- ADAM Securities (Private) Limited	3.96
- AKD Securities Limited	6.00
- AL Hoqani Securities and Investment Corporation (Private) Limited	1.25
- Arif Habib Limited	9.75
- BMA Capital Management Limited	4.22
- EFG Hermes Pakistan Limited	4.69
- ELIXIR Securities Pakistan (Private) Limited	18.50
- IGI Finex Securities Limited	0.38
- JS Global Capital Limited	0.93
- Muhammad Anaf Kapadia (SMC - Pvt.) Limited	9.26
- Next capital Limited	15.08
- Pearl Securities Limited	3.06
- Summit Capital (Private) Limited	2.85
- Taurus Securities Limited	1.94
- Topline Securities (Private) Limited	6.18
- Vector Securities (Private) Limited	11.01
- WE financial Services Limited	0.94

Under the Non-Banking Finance Companies and Notified Entities Regulations, 37(7)(h) of 2008 the Fund shall not enter into transactions with any broker that exceeds 15% of the commission payable by the Fund in one accounting year. However, during the year the Fund had entered into transactions with Elixir Securities and Next Capital Limited up to 18.50% and 15.08%, which is 3.50% and 0.08% in excess of the allowed limit. Excess amounts involved are Rs. 0.008 million and 0.0002 million respectively.

PIML Value Equity Fund

The list of brokers by percentage of the commission paid during the year ended 30 June 2017 were as follows:

Name of broker	Percentage of commission / brokerage %
- ADAM Securities (Private) Limited	4.86
- AKD Securities Limited	4.56
- Al-Habib Capital Markets (Private) Limited	1.30
- Arif Habib Limited	2.51
- AL Hoqani Securities and Investment Corporation (Private) Limited	4.32
- BMA Capital Management Limited	2.44
- ELIXIR Securities Pakistan (Private) Limited	10.41
- Global Securities Pakistan Limited	6.91
- Invest & Finance Securities Limited	5.27
- IGI Finex Securities Limited	3.77
- JS Global Capital Limited	6.92
- Muhammad Anaf Kapadia (SMC - Pvt.) Limited	4.05
- Vector Securities (Private) Limited	11.10
- Next capital Limited	7.84
- Pearl Securities Limited	8.18
- Shajar Capital Limited	1.91
- Summit Capital (Private) Limited	4.78
- Standard Capital Securities (Private) Limited	3.34
- Taurus Securities Limited	3.95
- Topline Securities (Private) Limited	5.36

23.3 Members of the investment committee

Following are the members of investment committee:

Mr. Salman H. Sheikh - Chief Executive Officer
Mr. Hamza Saboor - Chief Financial Officer
Mr. Basharat Ullah Khan - Chief Investment Officer and Fund Manager
Mr. Muhammad. Saeed Khalid - Acting Head of Research
Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Salman Haider - Chief Executive Officer

Mr. Salman Haider has over 20 years of Investment Management experience including almost 10 years on Wall Street starting with Merrill Lynch in 1996 along with Janney and Wachovia-Wells Fargo. He has held series 7 and series 63 licenses with life & health insurance licenses of NASD in New York to develop and invest in diverse investment products including securities, debentures, futures & options, commodities and annuitized insurance investment plans. Mr. Salman Haider has vast experience in Investment Banking and Asset Management arenas and has headed Faysal Asset Management Ltd in Pakistan from 2005 till 2012 growing profits of the company by over 600% and asset base from PKR 1 Billion to PKR 13 Billion. Mr. Haider holds a bachelors in Finance from Rutgers University USA, an MBA from University of London UK and an executive leadership graduate certification from Cornell University, USA.

Mr. Hamza Saboor - Chief Financial Officer

Mr. Hamza Saboor is an associate member of the Institute of Chartered Accountant of Pakistan (ICAP) and currently pursuing Institute of Chartered Accountant in England and Wales (ICAEW) qualification. He has more than 07 years of work experience ranging from Multinational Audit firm, Financial Consultancy and Microfinance Bank. He started his career from KPMG Taseer Hadi & Co. specializing in Audit and Assurance services, Business Processing Outsourced and Risk Advisory in versatile industries specially the financial sector, which included statutory and financial audits, reviews and other engagements of reputable multinational and local organizations. He later served in the finance department of Pak Oman Microfinance Bank Limited.

Mr. Basharat Ullah Khan - Chief Investment Officer & Fund Manager

Mr. Basharat Ullah is heading the Fund Management division of AWT Investments. He has extensive experience of 25 years in Pakistani capital markets primarily in the field of investment management and buy/sell side research. He has worked in both asset management and brokerage industry, with 11 years in the mutual fund sector where he headed fund management divisions in two asset management companies- Arif Habib Investments and Askari Investments. In brokerage, he served as head of research, heading the equity desk and also as Chief Executive of a company. He has MSc in Economics.

PIML Value Equity Fund

Mr Muhammad Saeed Khalid - Acting Head of Research

Mr. Saeed Khalid is a professional Financial Analyst serving the PIML for more than 2 year. Mr. Saeed is a part qualified ACCA from Association of Chartered Certified Accountants (UK). He is also an M.A. in Economics from University of Karachi. Mr. Saeed has served Shajar Capital Pakistan Pvt. Ltd. for more than 3 years. He has also worked with Admore Gas Pvt. Ltd. as an executive in Risk & Compliance department. He has provided his expertise while working in the leading brokerage houses of Pakistan i.e. Invest Capital Investment Bank Limited and Ismail Iqbal Securities Pvt. Ltd.

Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Asif has over 12 years of Professional experience in Compliance, Audit and Assurance. Prior to joining PIML, he served in Pak Oman Asset Management Company Limited as Compliance Officer. He also worked with Riaz MSB Limited (UK) and Riaz Ahmad, Saqib Gohar & Co (Chartered Accountants). He has done Bachelors in Accounts & Finance from UK.

22.4 Manager of the Fund

Mr. Basharat Ullah Khan - Chief Investment Officer and Fund Manager

For details, refer note 22.3 above

22.5 Directors meeting attendances

Following are the dates and name of persons who attended the meeting of the board of directors during the year:

Name of directors	Dates meeting attended	For the year ended 30 June 2018			
		26 Sep 17	27 Oct 17	27-Feb-18	27-Apr-18
Lt. General Khalid Rabbani (Retd)*	2	1	1	N/A	N/A
Major General Syed Taqi Naseer Rizvi (Retd)*	2	1	1	N/A	N/A
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Istaqbal Mehdi*	3	1	1	-	1
Mr. Ahmed Ateeq*	3	1	1	1	N/A
Mr. Salman Haider	4	1	1	1	1
Lt. General Najib Ullah Khan (Retd.)**	2	N/A	N/A	1	1
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	1
Mr. Malik Riffat Mehmood	0	N/A	N/A	N/A	N/A
Ms. Maleeha Humayun Bangash	0	N/A	N/A	N/A	N/A
Members attended	21	6	6	4	5

* Mr. Istaqbal Mehdi was appointed on 01 August 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), resigned on 16th January 2018 and 31 January 2018 respectively. Mr. Ahmed Ateeq resigned on 24th April 2018.

** The causal vacancies were then filled through appointment of Lt. General Najib Ullah Khan (Retd.) on 17th January 2018 and Major General Akhtar Iqbal (Retd.) on 1st February 2018.

*** The tenure of the present Board of Directors expired on 30 April 2018 and new Board was elected through election of director in EOGM held on 30 April 2018.

PIML Value Equity Fund

For the year ended 30 June 2017		Dates					
Name of directors	meeting attended	09 Aug 16	21 Oct 16	22 Dec 16	24 Feb 17	15 May 17	8-Jun-17
Mr. Khalid Aziz Mirza	6	1	1	1	1	1	1
Ms. Ayesha Aziz	4	1	1	1	-	1	-
Mr. Zafar Iqbal Sobani	5	1	1	1	1	1	-
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1	-	-
Mr. Ahmed Ateeq	6	1	1	1	1	1	1
Mr. Salman Haider *	2	N/A	N/A	N/A	N/A	1	1
Lt. General Khalid Rabbani (Retd) *	1	N/A	N/A	N/A	N/A	N/A	1
Major General Syed Taqi Naseer Rizvi (Retd) *	-	N/A	N/A	N/A	N/A	N/A	-
Mr. Tariq Iqbal Khan *	1	N/A	N/A	N/A	N/A	N/A	1
Members attended		5	5	5	4	5	5

* Mr. Salman Haider was appointed on 18 April 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), Major General Syed Taqi Naseer Rizvi (Retd) and Mr. Tariq Iqbal Khan were appointed on 17 May 2017.

22.6 Audit Committee meeting attendances

Following are the dates and name of persons who attended the meeting of the audit committee during the year:

Name of directors	Dates meeting attended	Dates			
		26-Sep-17	27-Oct-17	27-Feb-18	27-Apr-18
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Ahmed Ateeq	3	1	1	1	N/A
Major General Syed Taqi Naseer Rizvi (Retd)*	2	1	1	N/A	N/A
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	N/A
Members attended		3	3	2	1

For the year ended 30 June 2017		Dates			
Name of directors	meeting attended	09 Aug 16	21 Oct 16	24 Feb 17	15 May 17
Mr. Khalid Aziz Mirza	4	1	1	1	1
Mr. Zafar Iqbal Sobani	4	1	1	1	1
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1
Members attended		3	3	3	3

22.7 Human resource and remuneration meeting attendances

Following are the date and name of persons who attended the meeting of Human Resource and Remuneration during the year:

For the year ended 30 June 2018

Name of Directors	Dates Meeting attended	Dates	
		17 Oct 17	29 Nov 17
Mr. Major General (Retd) Syed Taqi Naseer Rizvi	2	1	1
Mr. Istaqbal Mehdi	2	1	1
Mr. Salman Haider Shaikh	2	1	1
		3	3

PIML Value Equity Fund

For the year ended 30 June 2017

Name of Directors	Dates Meeting attended	2016	
		22 Dec 16	15 Jun 17
Mr. Khalid Aziz Mirza	1	1	-
Ms. Ayesha Aziz	1	1	-
Mr. Ateeq Ahmed	2	1	1
Major General Syed Taqi Naseer Rizvi (ret)	1	N/A	1
Mr. Salman Haider	1	N/A	1
		<u>3</u>	<u>3</u>

22.8 Proxy Voting

Details
Number
Percentages(%)

Resolution	For	Against	Abstain*
Nil	Nil	Nil	Nil
-	-	-	-

*The Proxy Voting policy of the PIML Value Equity Fund is available on the website of AWT Investments Limited and detailed information regarding actual proxies voted by the company in respect of the Fund is also available without charge, upon request, to all unit holders.

22.9 Fund and Asset Manager Rating

The JCR VIS Credit Rating Company Limited (JCR VIS) vide its press release dated 15 December 2016 has assigned rating of AM3+ to the Management Company and has placed the Company under 'Rating Watch - Developing' status.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on **24 September, 2018**.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

This Page Has Been Intentionally Left Blank

PIML
Asset Allocation Fund

table of contents

259	Funds' Information
261	Directors' Report to the Unit holders - English
263	Directors' Report to the Unit holders - Urdu
265	Fund Manager's Report
269	Performance Table / Key Financial Data
270	Trustee Report to the Unit Holders
271	Independent Auditors' Report to the Unit Holders
276	Statement of Assets and Liabilities
277	Income Statement
278	Statement of Comprehensive Income
279	Cash Flow Statement
280	Statement of Movement in Unit Holders' Fund
281	Notes to the Financial Statements

FUND'S INFORMATION

Management Company	AWT Investments Limited 3rd Floor, AWT Plaza I.I Chundrigar Road, Karachi	
Board of Directors	Lt. General Najib Ullah Khan (Retd.) Maj. General Akhtar Iqbal (Retd.) Mr. Tariq Iqbal Khan Mr. Malik Riffat Mehmood Ms Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Director Director Director Director Chief Executive Officer
Chief Financial Officer	Mr. Hamza Saboor	
Company Secretary	Mr. Naveed ul Islam	
Audit Committee	Mr. Tariq Iqbal Khan Maj. General Akhtar Iqbal (Retd.) Mr. Malik Riffat Mehmood	Chairman Member Member
HR Committee	Maj. General Akhtar Iqbal (Retd.) Ms Maleeha Humayun Bangash Mr. Salman Haider Sheikh	Chairman Member Member
Trustee	Central Depository Company of Pakistan Limited DC House, 99B, Block-B, SMCHS, Main Shakra-e-Faisal, Karachi	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi. 75530	
Legal Advisors	Mohsin Tayebaly & Co. 2nd Floor, Dime Centre, BC-4 Block-9, Kehkashan, Clifton, Karachi	
Bankers	Allied Bank Limited Bank Al-Habib Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited UBL Bank Limited Summit Bank Limited Askari Bank Limited Samba Bank Limited Al-Baraka Bank (Pakistan) Limited JS Bank Limited Silk Bank Limited	

This Page Has Been Intentionally Left Blank

DIRECTORS'
REPORT TO THE UNIT HOLDERS

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of AWT Investments Limited the Management Company of PIML- Asset Allocation Fund ("the Fund"), is pleased to present the annual financial statements for the year ended June 30, 2018.

REVIEW OF FUND PERFORMANCE

AAF generated negative return of 12.15% in FY18 compared to its benchmark's negative return of 3.51%. Stocks which contributed large part in the negative return were DGKC, LUCK, PAEL and INIL. Stocks in the portfolio which outperformed during the year were BAFL, OGDC, OLPL, MCB, and EPCL. During the year FY18 Strategic Multi Asset Fund was merged into AAF in the month of May'18, which has led to increase in fund size to PKR 343.01mn (compared to FY17 end AUM of 324.16mn). Due to overall weakness in equity market, we have reduced our holdings by 15.65% to 47.55% in FY18 when compared to FY17 equity exposure. As of June 30 2018, the fund has 3% exposure in Sukuks/TFCs and 48% exposure in bank placements. The fund's Net Asset Value on June 30, 2018 was PKR 90.98.

ECONOMIC OUTLOOK

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

EQUITY MARKET REVIEW

Stock market finished FY18 down 10% to 41,910.90 (from FY17 end level of 46,565.29). Market fell 18% by December 2017 and made a low near 38,000 amid deepening political crises following the disqualification of former Prime Minister Nawaz Sharif in July 2017 by the Supreme Court. During this time, key macroeconomic indicators started to reverse as government resorted to high domestic and external borrowings. Stock market managed to bounce back in subsequent months and recovered most of its losses by April 2018 (ahead of annual budget announcement with many tax concessions), however, the market reversed its course once again amid falling rupee, rising interest rates and falling external reserves which led to increased foreign selling. Sectors which outperformed during the year were oil & gas exploration (increase in international oil prices), oil and gas marketing companies, Fertilizer (increase in prices and improvement in margins), textiles (fall in rupee). Sectors which underperformed were cement (decline in margins due to rise in coal prices), autos (decline in margins due to fall in rupee and increase in steel prices), steel (decline in margins), Pharmaceutical (expensive imports due to fall in rupee and price controls) and Power companies (less attractive dividend yields due to increase in interest rates).

MANAGEMENT QUALITY RATING

The JCR-VIS Credit Rating Company Limited has reaffirmed Management Quality Rating of "AM3+" 'with Rating Watch-Developing' to AWT Investments Limited on December 15, 2016. The rating denotes high management quality of the Management Company.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also wish to express gratitude to the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Rawalpindi: **September 24, 2018**

Chief Executive Officer

Director

پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ۔ ایسٹ ایلیٹیشن فنڈ

ڈائریکٹرز رپورٹ برائے یونٹ ہولڈرز

AWT انویسٹمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو کہ پرائس انویسٹمنٹ مینجمنٹ لمیٹڈ۔ ایسٹ ایلیٹیشن فنڈ (فنڈ) کی انتظامی کمپنی ہے، 30 جون 2018 کو اختتام پذیر ہونے والے سال کا سالانہ مالیاتی گوشوارہ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہی ہے۔

فنڈ کی کارکردگی کا جائزہ

AAF نے مالی سال 18 میں 12.15 فی صد کا منفی منافع حاصل کیا جب کہ بیچ مارک 3.51 رہا۔ جن کمپنیوں نے منفی رجحان کا مظاہرہ کیا ان میں DGKC، LUCK، PAEL اور INIL شامل ہیں۔ پورٹ فولیو میں موجود جن کمپنیوں نے بہتر کارکردگی کا مظاہرہ کیا ان میں MCB، OGDC، OLPL، EPCL اور BAFL شامل ہیں۔ مالی سال 18 میں 18 مئی کو اسٹریٹجک ملٹی ایسٹ فنڈ کا AAF کے ساتھ انضمام کر دیا گیا۔ جس سے فنڈ کے حجم میں 343.01 ملین پاکستانی روپے کا اضافہ ہوا۔

(بمقابلہ مالی سال 17 کے AUM جس کا 324.16 ملین تھا)۔ ایکویٹی مارکیٹ میں مجموعی طور پر مندی کے باعث ہم نے مالی سال 18 اپنی ہولڈنگز 15.65 فی صد سے کم کر کے 47.55 فی صد روپیہ جو مالی سال 17 کے مقابلے میں ایکویٹی ہے۔ 30 جون 2018 کو کوئٹہ/ TFCs میں فنڈ نے 3 فی صد حصہ لیا اور بینکوں میں 48 فی صد تشہیر حاصل کی۔ 30 جون 2018 کو فنڈ کے خالص اثاثوں کی مالیت 90.98 پاکستانی روپے تھی۔

معاشی توقعات

مالی سال 2018 کے دوران، پاکستانی معیشت بیرونی طور پر سنگین بحران اور تیزی کا شکار نظر آئی۔ موجودہ مالی خسارہ 42.57 فی صد تک جا پہنچا جو 17.99 بلین امریکی ڈالر تھا جب کہ مالی سال 17 میں 12.62 بلین امریکی ڈالر تھا۔ جب کہ اسی دوران ملکی زرمبادلہ کے ذخائر میں 23 فی صد (5 بلین امریکی ڈالر) کمی ہو کر 16.4 بلین امریکی ڈالر رہ گئی۔ مالی سال 2018 کے دوران، کرنٹ اکاؤنٹ کا خسارہ بہت زیادہ بڑھ گیا اس کی وجوہات میں 36 بلین امریکی ڈالر کا سنگین تجارتی خسارہ شامل ہے۔

مالی سال 18 کے دوران CPI کی اوسط 3.92 فی صد تھی سال بہ سال بمقابلہ مالی سال 17 کے دوران جب کہ اوسط 4.16 فی صد تھی۔ گزشتہ چند مہینوں میں افراط زر کی شرح میں جون کے مقابلے میں 5.21 فی صد اضافہ کیے گئے ہیں۔ افراط زر کی شرح میں اس اضافے کی بنیاد پر اقوامی تیل کی قیمتوں میں اضافہ اور پاکستانی روپے کی قدر میں کمی ہے۔ حالیہ مہینوں میں افراط زر کی شرح میں اضافہ آئندہ بھی جاری رہنے کی توقع ہے کیوں کہ ملک میں مہنگائی اور ایشیا کی قیمتوں میں اضافہ اس کے دباؤ میں مزید بڑھا دے گا۔ SBP نے پالیسی ریت پر ترقی کو جاری رکھا ہے اور مالی سال 18 کے آخری حصے میں دو مرتبہ کل 75 پیسے اضافے کے بعد 6.5 فی صد اضافہ کیا۔ (14 جولائی 2018 میں اسٹیٹ بینک آف پاکستان نے پالیسی ریت میں مزید 100 پیسوں یعنی 7.5 فی صد کا اضافہ کیا۔

FDI مالی سال 18 میں سال بہ سال 0.76 فی صد نمو حاصل کی جو کہ 2.77 بلین امریکی ڈالر ہوتے ہیں جب کہ اس کے مقابلے میں FDI مالی سال 17 میں 2.75 امریکی ڈالر تھی۔ مالی سال 18 میں اہم ترین سرمایہ کاری (بالخصوص سی پیک کے پروجیکٹس کے لیے) چین کی جانب سے کی گئی جس کا حجم 1.58 بلین امریکی ڈالر تھا، یو کے کی جانب سے 279 بلین امریکی ڈالر، امریکا 92 بلین امریکی ڈالر اور سوئٹزرلینڈ 88 بلین امریکی ڈالر کی سرمایہ کاری کی گئی۔

LSM کے اعداد و شمار مالی سال 4QFY18 میں مندی کا اشارہ دے رہے ہیں۔ بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں مندی کا رجحان دیکھنے میں آیا۔ جو مئی 18 ماہیاد میں 11.64 فی صد تھا۔ LSM کے اعداد و شمار میں مندی بالخصوص فرنیچر اور لیڈر پروڈکٹس کے شعبوں میں دیکھنے میں آئی جو مئی 18 میں 1.87 فی صد ماہیاد اور 0.33 فی صد ماہیاد تھی۔ جب کہ 11MFY18 کی بنیاد پر LSM میں 6 فی صد سال بہ سال کی نمو حاصل کی بمقابلہ 11MFY17 کے۔

ایکیویٹی مارکیٹ کا جائزہ

اسٹاک مارکیٹ نے مالی سال 18 میں 10 فی صد کی مندی کے ساتھ اختتام کیا جو کہ 41,910.90 (مالی سال 17 کی اختتامی سطح 46,565.29) تھی۔ مارکیٹ میں دسمبر 2017 تک 18 فی صد کی مندی دیکھنے میں آئی اور 38,000 پوائنٹس کم ہو گئے اس ضمن میں سپریم کورٹ کی جانب سے جولائی 2017 میں سابق وزیر اعظم کی برطرفی کے بعد مارکیٹ میں انتہائی مندی کا رجحان دیکھنے میں آیا۔ اس وقت اہم مائیکرو واکٹناک اشاریے واپسی کی جانب مڑنا شروع ہو گئے تھے کیوں کہ حکومت اندرونی اور بیرونی قرضوں پر انحصار کر رہی تھی۔

اسٹاک مارکیٹ نے اپریل 18 تک خود کو سنبھال کر آنے والے مہینوں میں اپنے زیادہ تر نقصانات کی تلافی کرنی۔ (سالانہ بجٹ کے اعلان سے پہلے جس میں بہت سے ٹیکس نافذ کیے گئے)۔ بہر حال مارکیٹ نے روپے کی گرتی ہوئی قدر، سود کی شرح میں اضافے اور زرمبادلہ کے بیرونی ذخائر میں کمی جس کے باعث بیرونی سرمایہ کاری کے اخلاء جیسے مسائل میں بھی اپنے وقار کو از سر نو بحال کیا۔ جن سیکٹروں نے سال کے دوران بہترین کارکردگی کا مظاہرہ کیا ان میں آئل اور گیس تلاش کرنے والی کمپنیاں (بین الاقوامی طور پر تیل کی قیمتوں میں اضافے)، آئل اور گیس مارکیٹنگ کمپنیاں، کھاد (قیمتوں اور مارجن میں بہتری کا عنصر)، بیکنگ (روپے کی قدر میں کمی) شامل تھیں۔ جن سیکٹروں نے منفی کارکردگی کا مظاہرہ کیا ان میں سینٹ (کوئلے کی قیمتوں میں اضافے سے مارجن میں کمی)، آٹو (روپے کی قدر میں کمی سے مارجن میں کمی اور اسٹیل کی قیمتوں میں اضافے)، اسٹیل (مارجن میں کمی)، فارماسوٹیکلز (روپے کی قدر میں کمی اور پرائس کنٹرول کے باعث منگنی درآمدات) اور پاور کمپنیاں (شرح سود میں اضافے کے باعث کم پرجشش ڈیوڈنڈ کا اجراء)۔

منجمنٹ کو الٹی ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے پرائس انویسٹمنٹ منجمنٹ لمیٹڈ کو 15 دسمبر 2016 میں منجمنٹ کو الٹی ریٹنگ AM3+ کے علاوہ ریٹنگ واچ۔ ڈیولپمنٹ سے بھی نوازا ہے۔ یہ ریٹنگ منجمنٹ کمپنی کی اعلیٰ درجہ کی انتظامی خصوصیات کو ظاہر کرتی ہے۔

اظہار تشکر

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز، سیکریٹریز اینڈ ایگزیکٹو کمیٹی آف پاکستان کی جانب سے قابل قدر مدد و معاونت اور رہنمائی کے لیے ان کے شکر گزار ہیں۔ علاوہ ازیں بورڈ، منجمنٹ کمپنی کے کارکنان اور ڈسٹریبیوٹرز اور جنفاکشی و منجمنٹ پرائس کا تبادلہ سے مشکور ہے۔ بورڈ نے یونٹ ہولڈرز کی جانب سے منجمنٹ پر بھروسہ کرنے پر ان کا بھی شکریہ ادا کیا۔

راولپنڈی : 24 ستمبر 2018

چیف ایگزیکٹو آفیسر

ڈائریکٹر

**FUND
MANAGER'S REPORT**

FUND MANAGER'S REPORT

- **Category and type of Collective Investment Scheme**

Asset Allocation Scheme/ Open end

- **Objective of Collective Investment Scheme**

The objective of PIML-AAF is to earn competitive returns by investing in the various asset classes/instruments based on the market outlook.

- **Explanation as to whether the Collective Investment Scheme has achieved its stated objectives**

The collective investment scheme achieved its stated objectives.

- **Benchmark(s) relevant to the Collective Investment Scheme**

Weighted average of 6 month KIBOR and KSE - 100 Index as per the amount invested in equities and fixed income investments including cash & cash equivalent respectively.

- **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Period	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Fund	-2.52%	-7.21%	0.71%	-3.59%	0.59%	0.78%	8.01%	-2.76%	2.23%	0.97%	-3.59%	-1.94%
BM	-0.57%	-6.16%	1.94%	-2.07%	0.79%	-2.07%	5.75%	-0.90%	3.30%	0.40%	-2.07%	-1.79%
Diff	-1.95%	-1.05%	-1.22%	-1.52%	-0.20%	2.84%	2.26%	-1.86%	-1.07%	0.57%	-1.52%	-0.14%

- **Strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

AAF generated negative return of 12.15% in FY18 compared to its benchmark's negative return of 3.51%. Stocks which contributed large part in the negative return were DGKC, LUCK, PAEL and INIL. Stocks in the portfolio which outperformed during the year were BAFL, OGDC, OLPL, MCB, and EPCL. During the year FY18 Strategic Multi Asset Fund was merged into AAF in the month of May'18, which has led to increase in fund size to PKR 343.01mn (compared to FY17 end AUM of 324.16mn). Due to overall weakness in equity market, we have reduced our holdings by 15.65% to 47.55% in FY18 when compared to FY17 equity exposure. As of June 30 2018, the fund has 3% exposure in Sukuks/TFCs and 48% exposure in bank placements. The fund's Net Asset Value on June 30, 2018 was PKR 90.98.

Cement sector alone contributed 42.45% in the total loss of 12.15% of the portfolio. This was followed by 33% negative contribution by three stocks including PAEL, INIL and SPEL.

During the year exposure to cement sector was brought down from 15% to 6.7% and this now consists exposure in Lucky cement (5.1%) and DGKC (1.6%). Cement stocks sold during the year were CHCC, FCCL and PIOC.

We took exit from PAEL during the year as business prospects for the company deteriorated with significant decline in earnings. PAEL contributed 12% in the total loss of the fund during the year.

Stocks the fund took exit in the year were SNGP, PSMC, AICL, PIBTL, HUBC, KAPCO, KEL and NBP.

Stocks which were added in the portfolio were ENGRO, NML, PSO, BAFL, OLPL, MFL and GATM.

Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

FUND MANAGER'S REPORT

Portfolio Allocation	Jun-18	Jun-17
Equity Securities	47.94%	63.20%
Sukuk/TFC	0%	3.01%
Placement with Banks &DFIs	0%	16.22%
Cash at Bank	47.80%	11.65%
Others including receivables	4.26%	5.92%
PIBs	0%	0%
Total	100.00%	100.00%

- Collective Investment Scheme's performance**

	Fund
Sharpe Ratio*	-0.47
Treynor Ratio	-0.142
Standard Deviation*	13.77%

*Annualized

- Changes in total NAV and NAV per unit since the last review period****

	FY18	FY17
Net Assets PKR Mn	343.01	324.16
NAV/unit (PKR)	90.98	103.56

- Investment Markets**

Equity Review:

Stock market finished FY18 down 10% to 41,910.90 (from FY17 end level of 46,565.29). Market fell 18% by December 2017 and made a low near 38,000 amid deepening political crises following the disqualification of former Prime Minister Nawaz Sharif in July 2017 by the Supreme Court. During this time, key macroeconomic indicators started to reverse as government resorted to high domestic and external borrowings. Stock market managed to bounce back in subsequent months and recovered most of its losses by April 2018 (ahead of annual budget announcement with many tax concessions), however, the market reversed its course once again amid falling rupee, rising interest rates and falling external reserves which led to increased foreign selling. Sectors which outperformed during the year were oil & gas exploration (increase in international oil prices), oil and gas marketing companies, Fertilizer (increase in prices and improvement in margins), textiles (fall in rupee). Sectors which underperformed were cement (decline in margins due to rise in coal prices), autos (decline in margins due to fall in rupee and increase in steel prices), steel (decline in margins), Pharmaceutical (expensive imports due to fall in rupee and price controls) and Power companies (less attractive dividend yields due to increase in interest rates).

Economic Review:

During fiscal year 2018, Pakistan's economy suffered serious deterioration on the external side. Current account deficit surged by 42.57% to USD17.99bn as against USD12.62bn in FY17, at the same time, total FX reserves of the country declined by 23% (USD5b) to USD16.4bn. The rise in C/A deficit in the year FY18 jumped because of high trade deficit of USD36bn.

FUND MANAGER'S REPORT

Average CPI for the year FY18 ticked around 3.92%YoY when compared to average CPI of 4.16%YoY in the year FY17; however rate of inflation in last few months has moved higher to 5.21% as recorded in June. This increase in inflation is mainly due to rise in international oil prices and depreciation of Pak Rupee. Due to this uptick in inflation in recent months along with further expected upward pressure on price increases in the country, SBP has resorted to tightening the policy rate with two increases of total 75bps to 6.5% in the last half of FY18 (On July 14, 2018 SBP increased the policy rate by further 100bps to 7.5%).

FDI in the year FY18 has marked a growth of 0.76%YoY to USD2.77bn when compared to FDI of USD2.75bn in the year FY17. Major amount of inflows in the year FY18 was recorded from China amounting to USD1.58bn (mainly for CPEC projects), UK amounting to USD279mn, US amounting to USD92mn and Switzerland amounting to USD88mn.

LSM numbers have shown a declining trend in the 4QFY18, large scale manufacturing index declined by 11.64%MoM in the month of May'18. Major decline in the LSM numbers was witnessed mainly in the fertilizer and leather products that declined by 1.87%MoM and 0.33%MoM in the month of May'18. While on the 11MFY18 basis, LSM has grown by 6%YoY when compared to 11MFY17.

• **Distribution made out of Collective Investment Scheme**

Distribution	
The last income distribution made by the Fund for FY18 was Nil	
NAV per unit as on	
Cum - NAV (PKR)	90.98
Ex - NAV (PKR)	90.98

• **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

During the year FY18, PIML Strategic Multi Asset Fund has been merged with and into PIML Asset Allocation Fund in the month of May'18.

Breakdown of unit holdings by size

Range of Shares	Number of Investors
0.0001 - 9,999.9999	124
10,000.0000 - 49,999.9999	10
50,000.0000 - 99,999.9999	3
100,000.0000 - 499,999.9999	4
500,000.0000 & Above	1
Total	142

- **Circumstances that materially affect any interest of the unit holders Investment is subject to market risk.**
- **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme, disclosure of the following:-**

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

PERFORMANCE TABLE / KEY FINANCIAL DATA

Description	(Rs in '000')		
	Year		
	2018	2017	2016
Net Assets	343,008	324,155	1,389,617
Net Income	(35,594)	64	52,419
Total return of the Fund	-12.15	2.74	2.87
Total dividend distribution	0.00	0.00	2.07
Capital Growth	-12.15	2.74	0.80
Average Annual Return			
One Year - in percentage	-12.15%	2.74%	2.87%
Two Year - in percentage	-4.71%	2.81%	n/a
Three Year- in percentage	-2.18%	n/a	n/a
Net assets value per unit - Rupees	90.98	103.56	100.80
Highest offer price per unit *	107.20	118.03	106.26
Lowest offer price per unit *	88.79	103.34	102.33
Year-end offer price per unit *	94.07	106.67	103.83
Highest repurchase price per unit *	103.68	114.59	103.16
Lowest repurchase price per unit *	85.87	100.32	99.34
Year-end repurchase price per unit *	90.98	103.56	100.80
Final distribution per unit	-	-	2.07
Announcement date	-	-	24/Jun/16
Total Distribution as % of par value	-	-	2.07
Number of units in issue - Number	3,770,094	3,130,120	13,785,476

Notes:

- PIML Asset Allocation Fund was launched on 12 April 2016.

* Past performance is not necessarily indicative of future performance and that certificate prices and investment returns may go down, as well as up.

**TRUSTEE REPORT TO THE UNIT HOLDERS
PIML ASSET ALLOCATION FUND**

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 PRIMUS Investment Management Limited Asset Allocation Fund (the Fund) are of the opinion that AWT Investments Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 28, 2018

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the annexed financial statements of PIML Asset Allocation Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, income statement, statement of comprehensive income, statement of movement in unit holders' fund, cash flowstatement for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Valuation of Investments</p> <p>Refer to note 6 to the financial statements for the details of investments and the accounting policy in note 4.3 to the financial statements.</p> <p>At 30 June 2018, the Fund's investment portfolio classified asat "Fair value through income statement" comprised of listed equity shares of Rs. 168.149 million representing 49.02% of the net assets value of the Fund as of that date.</p> <p>We identified the valuation of investments as a key audit matter because of its significance in relation to the net asset value of the Fund.</p>	<p>Our audit procedures to assess the valuation of investments included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investments; and • assessed on a sample basis whether the investments were valued at fair value based on the rates quoted by Mutual Fund Association of Pakistan (MUFAP) as at 30 June 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
-
-

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended 30 June 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 29 September 2017.

The engagement partner responsible for the audit resulting in this independent auditor's report is **Amyr Pirani**.

Date:

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

This Page Has Been Intentionally Left Blank

FINANCIAL STATEMENTS

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2018**

	Note	2018 (Rupees in '000)	2017
Assets			
Bank balances	5	168,342	40,332
Investments	6	169,850	275,805
Security deposits	7	5,229	2,600
Dividend, advances and other receivables	8	3,362	11,482
Deferred formation cost	9	3,891	4,391
Total assets		350,674	334,610
Liabilities			
Payable to the Management Company	10	1,522	769
Remuneration payable to the Trustee	11	56	79
Annual fee payable to the Securities and Exchange Commission of Pakistan	12	339	1,194
Accrued expenses and other liabilities	13	5,748	8,413
Total liabilities		7,665	10,455
Contingencies and commitments	14		
Net assets		343,009	324,155
Unit holders' fund		343,009	324,155
		(Number)	
Number of units in issue	15	3,770,094	3,130,120
		(Rupees)	
Net assets value per unit		90.98	103.56

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 (Rupees in '000)	2017
Income			
Return / mark-up on:			
- Bank balances		5,295	12,596
- Clean placements		-	982
- Term deposit receipts		1,179	12,883
- Quoted sukuk certificates		61	4,670
- Government securities		-	20,967
Dividend income (held for trading investments)		5,234	25,713
(Loss) / gain on sale of held for trading investments - net		(14,120)	54,709
Unrealised (Loss) / gain on revaluation of held for trading investments - net		(24,180)	8,331
		(26,531)	140,851
Expenses			
Remuneration of the Management Company	10.1	4,801	25,135
Sindh sales tax on Management Company's remuneration	13.3	624	3,268
Remuneration to the Trustee	11	701	2,211
Sindh sales tax on Trustee's remuneration		91	288
Annual fee to the Securities and Exchange Commission of Pakistan	12	228	1,194
Amortisation of deferred formation cost	9	500	500
Auditors' remuneration	16	206	229
Annual listing fee		27	50
NCCPL Fee		389	-
Bank and settlement charges		415	3,122
Securities transaction cost		53	431
Other expenses		954	-
Printing, stationery and postage		72	44
Total expenses		9,061	36,472
Net (loss) / income from operating activities		(35,592)	104,379
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		-	(103,265)
Provision of Sindh Workers Welfare Fund	13.2	-	(1,050)
Net (loss) / income before taxation for the year		(35,592)	64
Taxation	18	-	-
Net (loss) / income after taxation for the year		(35,592)	64

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	(Rupees in '000)	
Net (loss) / income for the year	(35,592)	64
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>(35,592)</u></u>	<u><u>64</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year before taxation	(35,592)	64
Adjustments for:		
Return / mark-up on:		
- Bank balances	(5,295)	(12,596)
- Clean placements	-	(982)
- Term deposit receipts	(1,179)	(12,883)
- Quoted sukuk certificates	(61)	(4,670)
- Government securities	-	(20,967)
Dividend income	(5,234)	(25,713)
Loss / (gain) on sale of held for trading investments - net	14,120	(54,709)
Unrealized loss / (gain) on revaluation of held for trading investments - net	24,180	(8,331)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	103,265
Amortisation of deferred formation cost	500	500
	(8,561)	(37,022)
Decrease in current assets		
Investments - net	67,655	988,685
Other receivable	7,791	(7,949)
Security deposits	(2,629)	-
	72,817	980,736
Decrease in current liabilities		
Payable to the Management Company	753	(9,969)
Remuneration payable to the Trustee	(23)	(151)
Annual fee payable to Securities and Exchange Commission of Pakistan	(855)	776
Accrued expenses and other liabilities	(2,665)	(64,265)
	(2,790)	(73,609)
Return / mark-up received on:		
- Bank balances	4,390	15,227
- Term deposit receipts	1,751	15,708
- Quoted sukuk certificates	149	4,670
- Clean placements	-	1,298
- Government securities	-	41,599
Dividend received	5,808	24,559
Income tax paid	-	(1,719)
Net cash flows from operating activities	73,564	971,447
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	155,837	2,301,966
Amount paid on redemption of units	(101,391)	(3,470,757)
Net cash flows from financing activities	54,446	(1,168,791)
Net increase / (decrease) in cash and cash equivalents	128,010	(197,344)
Cash and cash equivalents at beginning of the year	40,332	237,676
Cash and cash equivalents at end of the year	168,342	40,332

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2018**

	2018			2017		
	Value	Undistributed income	Total	Value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	313,022	11,133	324,155	1,378,548	11,069	1,389,617
Issuance of 1,646,179 units (2017: 21,952,566 units)						
- Capital value	170,478	-	170,478			
- Element of loss	(14,641)	-	(14,641)			
Total proceeds on issuance of units	155,837	-	155,837	2,195,267	106,699	2,301,966
Redemption of 1,006,205 units (2017: 32,607,922 units)						
- Capital value	(104,203)	-	(104,203)			
- Element of income	2,812	-	2,812			
Total payments on redemption of units	(101,391)	-	(101,391)	(3,260,793)	(209,964)	(3,470,757)
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net	-	-	-	-	103,265	103,265
Total comprehensive income for the year	-	(35,592)	(35,592)	-	64	64
Net assets as at end of the year	367,468	(24,459)	343,009	313,022	11,133	324,155
Undistributed income brought forward:						
- Realized income / (loss)		2,802			(21,704)	
- Unrealized income		8,331			32,773	
		<u>11,133</u>			<u>11,069</u>	
Accounting income available for distribution:						
Relating to capital gains		-			-	
Excluding capital gains		(35,592)			-	
		<u>(35,592)</u>			<u>64</u>	
Undistributed income at end of the year		<u><u>(24,459)</u></u>			<u><u>11,133</u></u>	
Undistributed income carried forward:						
- Realized (loss) / income		(279)			2,802	
- Unrealized (loss) / income		(24,180)			8,331	
		<u><u>(24,459)</u></u>			<u><u>11,133</u></u>	
		<u>(Rupees)</u>			<u>(Rupees)</u>	
Net assets value per unit at beginning of the year		<u><u>103.56</u></u>			<u><u>100.83</u></u>	
Net assets value per unit at end of the year		<u><u>90.98</u></u>			<u><u>103.56</u></u>	

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** PIML Asset Allocation Fund ("the Fund") was established under a Trust Deed, dated 29 September 2015, executed between AWT Investments Limited as Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Securities and Exchange Commission of Pakistan (SECP) registered the Fund as a Notified Entity on 15 October 2015, under Regulations 44 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (Establishment and Regulation) Rules.
- 1.2** On 26 July 2017, Securities and Exchange Commission of Pakistan gave its approval for the change of the name of the Management Company from Primus Investment Management Limited to AWT Investments Limited. The change was made pursuant to the acquisition 70% shares of the Management Company by Army Welfare Trust (AWT). Subsequent to the year end on 02 August, 2018, AWT acquired further 30% shares of the Management Company.
- 1.3** The Management Company of the Fund has been licensed by SECP to undertake Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Registered office of the Management Company is situated at 3rd Floor, AWT Plaza, I.I Chundrigarh Road, Karachi.
- 1.4** The Fund is an open end mutual Fund and is listed on the Pakistan Stock Exchange. The Fund offers units for public subscription on a continuous basis. These can be redeemed by surrendering them to the Fund at the option of the unit holder.

"The Scheme is an 'Open end Asset Allocation Scheme' as per the criteria for the categorization of" open-end collective investment schemes specified by the Securities and Exchange Commission of Pakistan. The objective of the Fund is to achieve long term capital growth by investing mainly in listed equity securities.

The Scheme is permitted to invest in listed equity securities including modaraba units (up to 90%), units of real estate investments (up to 25%), corporate debt securities (up to 50%), Pakistan investment bonds, federal investment bonds, treasury bills, ijara sukuk and other securities or instruments issued or guaranteed by federal government and permitted by SECP (up to 100%), cash and near cash instruments which includes cash in bank accounts (excluding TDRs), treasury bills not exceeding 90 days maturity (up to 100% with minimum cap of 10%), money market instruments including musharika certificates, certificate of deposits, certificate of investments issued by financial institutions (up to 90%), money market placements with commercial banks, DFIs and NBFCs (up to 80%), daily product deposits with commercial banks (up to 100%), long, medium and short term deposits / placements with commercial banks (up to 90%), commercial paper (up to 20%), reverse repo against fixed income government securities (up to 100%), convertible debt securities issued by corporate / financial institutions (up to 30%), convertible and non-convertible preference shares (up to 20%), margin / trade financing products / systems (up to 30%), ready / future spread transactions (up to 30%), investment in equity future contracts (up to 90%), authorised investment in overseas market subject to prior approvals and guidelines of the SECP and State Bank of Pakistan (SBP) (up to 30% subject to cap of US 15 million dollars or such other limit or cap imposed by SECP or SBP) and in any other securities or instruments that may be permitted or approved under SECP rules, regulations or any other directive from time to time (upto 20% to 20%).

- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.
- 1.6** During the year, the SECP vide its letter number SCD/AMCW/AWTIL/351/2018 dated 25 April 2018 granted its approval under regulation 58(1)(m) of the Non Banking Finance Companies and Notified Entities Regulations, 2008 read with Circular No. 20 of 23 June 2009 for the merger of PIML Asset Allocation Fund (PIML AAF) and PIML Strategic Multi Asset Fund (PIML SMAF) into PIML- AAF ("the Surviving Scheme") in terms of the Scheme of Merger as approved by the Board of Directors of AWT Investments Limited, and the unit holders of the respective schemes in their general meetings held on 27 October 2017 and 16 March 2018 respectively. The whole of undertaking PIML SMAF which includes all assets, rights, liabilities, bank balances, obligations, mandates, undertaking, securities, contracts documents, records etc. were transferred to and vested in PIML AAF from 8 May 2018 ("effective date of merger"). Accordingly the balances as of 07 May 2018 of the above Fund transferred to PIML AAF is as follows:

	PIML SMAF (Rupees in '000)
Assets	151,182
Less: Liabilities	(3,759)
Net Assets	147,423

The Merging Schemes stood merged with and into the Surviving Scheme on the basis of the swap ratio calculated on the basis of net assets values (NAVs) of the Merging and the Surviving Schemes at the close of the business day on 07 May 2018 (the day immediately preceding the effective date of merger). For each unit of PIML SMAF, 1.144997 units of PIML-AAF were issued. Assets and liabilities of PIML SMAF have been recorded / merged at the fair values as of the merging date.

PIML Asset Allocation Fund

As a result of the merger, an appropriate number of units of PIML AAF (based on the swap ratio) were issued to those eligible persons whose names appeared in the Register of Unitholders of PIML SMAF as at the close of business on 07 May 2018 (the day immediately preceding the effective date of merger) without charge of any load by the Management Company. Upon the allotment of units of PIML AAF to the eligible persons, all units representing their holding in PIML SMAF stood cancelled.

The details of the income, expenses and net loss of the above two merged funds for the period from 01 July 2017 to 07 May 2018 are as follows:

	AAF	SMAF
	(Rupees in '000)	
Income	(14,644)	(12,372)
Expenses	(6,601)	(5,065)
Net loss	(21,245)	(17,437)

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

2.1.2 Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured 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. All financial information presented in Pak Rupees has been rounded off to the nearest thousand rupees, except otherwise stated.

2.4 Use of judgments and estimates

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 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 the application of accounting policies are given below:

a) Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 4.3.2 regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ending 30 June 2018 is included in:

- Notes 4.3.1 and 4.3.3 - Valuation of investments
- Notes 4.12 and 4.15 - Impairment of financial instruments and other assets
- Notes 13.1, 13.2 and 13.3 - Recognition of provision for Federal Excise Duty, Sindh Workers' Welfare Fund and Sindh sales tax on Federal exercise duty respectively
- Notes 4.9 and 18 - Taxation

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. The management is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on the adoption of the standard. However the management considers that the impact would not be significant.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management is in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments on the adoption of the standard and impairment required under the expected credit loss model. However the management considers that there would not be a significant financial impact.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company premeasures its previously held interest in a joint operation when it obtains control of the business. A company does not premeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all the periods presented except for the change in accounting policy for element of income (refer note 4.1).

New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.1 Element of income / (loss)

Up to 30 June 2017, 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 accounting period is recognized in income statement on net basis 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 on net basis.

Securities & Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". As per SRO, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. It also specifies that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to "Income Statement" (relating to allocation of net income for the year) and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed directly in Statement of movements in unit holders' fund instead of income statement. "MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated. Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs.11.830 million. However, the change in accounting policy does not have any impact on net asset value per unit.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity period of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.3 Investments

4.3.1 All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the Income Statement.

4.3.2 The Fund classifies its investments in financial asset at fair value through income statement:

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through income statement upon initial recognition. Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through income statement upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

4.3.3 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

4.4 Deferred formation cost

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of ten years (effective from 12 April 2016).

4.5 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 that day. 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 if applicable, is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors 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.

4.6 Net asset value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.7 Revenue recognition

- Gains or losses on sale of securities and unrealised gains or losses arising on the revaluation of securities classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Income on term deposits, bank balances, debt securities and investments in Treasury Bills and Pakistan Investment Bonds are recognised at rate of return implicit in the instrument on a time proportionate basis.
- Dividend income on equity securities is recognised when the right to receive dividend is established.

4.8 Element of income / loss and capital gains / losses in prices of units sold less those in units redeemed

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.9 Taxation

The income of the Fund is exempt from Income Tax under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its 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.

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.

4.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund ceases to be a party to such contractual provisions of the instrument, that is, when the rights to receive cash flows have expired, balance has been realised or when the Fund has transferred substantially all the risk and rewards incidental to ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or when it has expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

All financial assets are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, financial assets (other than held for trading investments mentioned in note 4.3 above) comprising of loans and receivables (representing non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) are carried at amortised cost. However these are estimated to approximate to its fair value.

Financial liabilities are initially recognised at fair value and subsequently stated at amortised cost, which is also estimated to approximate to its fair value.

PIML Asset Allocation Fund

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Impairment

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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

4.13 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.14 Distribution

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

4.15 Other assets

Other assets are stated at cost less impairment losses, if any.

4.16 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.

5. BANK BALANCES	<i>Note</i>	2018	2017
(Rupees in '000)			
Profit and loss sharing accounts	5.1	168,342	40,332
5.1 These accounts carry profit rate ranging from 4% to 6.50% (2017: 4% to 6.4%) per annum. These also include balance of Rs. 37,449 (30 June 2017: Rs. 36,000) held with Silk Bank Limited, a related party.			
6. INVESTMENTS			
At fair value through income statement			
- held for trading			
Listed equity securities			
Advance against subscription of shares	6.1	168,149	211,461
Quoted sukuk certificates	6.3	1,701	-
	6.4	-	10,070
Loans and receivables			
Term deposit receipt			
	6.5	-	54,274
		169,850	275,805

PIML Asset Allocation Fund

6.1 Investments in securities - held for trading

Face value of Rs. 10/- each unless stated otherwise.

Sectors / Companies	Holding at the beginning of the year	Acquired during the year	Bonus received during the year	Disposed during the year	Holding at the end of the year	Carrying value	Market value /	Unrealised	Market Value	Market Value	
						before revaluation as at 30 June 2018	carrying value as at 30 June 2018 (after revaluation)	loss / (gain) - net	as % of total investments	as % of net assets	
(Number of shares)						(Rupees in '000)					
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited - note 6.2	40,000	37,400	4,200	24,000	57,600	19,012	18,335	677	10.90	5.35	
Sui Northern Gas Pipelines Limited	90,000	20,000	-	110,000	-	-	-	-	0.00	0.00	
Shell Pakistan Limited	-	12,050	-	-	12,050	4,046	3,809	237	2.27	1.11	
						23,058	22,144	914	13.17	6.46	
Oil and Gas Exploration Companies											
Oil & Gas Development Company Limited	-	85,000	-	85,000	-	-	-	-	0.00	0.00	
Pakistan Petroleum Limited	-	10,000	-	10,000	-	-	-	-	0.00	0.00	
Mari Petroleum Company Limited	-	25	-	-	25	39	38	1	0.02	0.01	
						39	38	1	0.02	0.01	
Leasing											
Orix Leasing Pakistan Limited	-	160,000	-	-	160,000	6,526	6,955	(429)	4.14	2.03	
Fertilizer											
Engro Corporation Limited - note 6.3	40,000	31,500	-	28,500	43,000	13,661	13,496	165	8.03	3.93	
Industrial Transportation											
Pakistan International Bulk Terminal Limited	-	225,000	-	225,000	-	-	-	-	0.00	0.00	
Cement											
D.G. Khan Cement Company Limited	52,500	44,000	-	46,500	50,000	9,120	5,725	3,395	3.40	1.67	
Fauji Cement Company Limited	250,000	70,000	-	320,000	-	-	-	-	0.00	0.00	
Cherat Cement Company Limited	101,500	-	-	101,500	-	-	-	-	0.00	0.00	
Pioneer Cement Limited	15,000	-	-	15,000	-	-	-	-	0.00	0.00	
Lucky Cement Company Limited (a related party)	11,000	35,500	-	11,000	35,500	23,506	18,032	5,474	10.72	5.26	
						32,626	23,757	8,869	14.13	6.93	
Pharmaceuticals											
The Searle Company Limited	21,000	13,058	2,600	12,000	24,658	9,650	8,371	1,279	4.98	2.44	
Glaxo Smith Kline Pakistan Limited	24,000	20,500	-	24,000	20,500	3,586	3,403	183	2.02	0.99	
						13,236	11,774	1,462	7.00	3.43	
Textile Composite											
Gul Ahmed Textiles Mills Limited	-	105,313	-	-	105,313	4,828	4,521	307	2.69	1.32	
Nishat Mills Limited	30,000	132,200	-	17,500	144,700	20,870	20,391	479	12.13	5.94	
						25,698	24,912	786	14.82	7.26	
Automobile Assembler											
Pak Suzuki Motor Company Limited	9,000	-	-	9,000	-	-	-	-	0.00	0.00	
Indus Motor Company Limited	1,500	6,200	-	1,100	6,600	11,529	9,382	2,147	5.58	2.74	
						11,529	9,382	2,147	5.58	2.74	
Power Generation & Distribution											
The Hub Power Company Limited	-	15,000	-	15,000	-	-	-	-	-	-	
K-Electric Limited	400,000	455,000	-	855,000	-	-	-	-	-	-	
Kot Addu Power Company Limited - note 6.2	35,000	5,000	-	40,000	-	-	-	-	-	-	
Sectors / Companies											
Commercial Banks											
Bank Alfalah Limited	100,000	65,000	-	35,000	130,000	5,274	6,798	(1,524)	4.04	1.98	
National Bank of Pakistan	80,000	-	-	80,000	-	-	-	-	0.00	0.00	
United Bank Limited	-	32,000	-	32,000	-	-	-	-	0.00	0.00	
MCB Bank Limited	10,000	35,000	-	36,600	8,400	1,755	1,661	94	0.99	0.48	
Faysal Bank Limited	1,000	3,900	-	1,000	3,900	97	101	(4)	0.06	0.03	
						7,126	8,560	(1,434)	5.09	2.50	
Cable and Electrical Goods											
Pak Electron Limited - note 6.2	93,000	55,000	-	148,000	-	-	-	-	-	-	
Insurance											
Adamjee Insurance Company Limited	225,000	4,000	-	229,000	-	-	-	-	-	-	
IGI Insurance Limited	9,000	-	-	9,000	-	-	-	-	-	-	
Paper and Board											
Packages Limited (a related party)	-	13,300	-	-	13,300	7,145	6,513	632	3.87	1.90	
Engineering											
Mughal Iron and Steel Industries Limited	120,000	40,263	-	20,000	140,263	10,800	8,615	2,185	5.12	2.51	
International Industries Limited	40,000	17,000	-	17,000	40,000	13,266	9,292	3,974	5.53	2.71	
Aisha Steel Limited	532,000	425,000	-	332,000	625,000	12,113	9,856	2,257	5.86	2.87	
						36,179	27,763	8,416	16.51	8.09	
General Industrials											
Synthetic Products Enterprises Limited	118,500	81,500	-	35,000	165,000	10,860	8,432	2,428	5.01	2.46	
Chemicals											
Engro Polymer and Chemicals Limited	-	405,000	-	405,000	-	-	-	-	0.00	0.00	
Food & Personal Care Products											
Matco Foods Limited	-	117,683	-	-	117,683	4,646	4,423	223	2.63	1.29	
Held for trading investments as at 30 June 2018						Rupees	192,329	168,149	24,180	100.00	49.02
Cost of held for trading investments as at 30 June 2018						Rupees	192,329				
Cost of held for trading investments as at 30 June 2017						Rupees	203,200				

6.1.1 Finance Act, 2014 had introduced tax on bonus shares issued by the Companies. Most Equity Funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. In the Fund's case, up to the year end, tax in the shape of 329 shares of The Searle Company Limited (30 June 2017: 199 shares), 480 shares of Pakistan State Oils Company Limited (30 June 2017: 270 shares), 25 shares of Mari Petroleum Limited (30 June 2017: Nil), 473 shares of Faysal Bank Limited (30 June 2017: 473), 313 shares Gul Ahmed Textile Mills Limited (30 June 2017: Nil) and 263 shares of Mughal Iron and Steel Industries Limited (30 June 2017: 263 units) had been withheld by CDC. Market value of these shares as at 30 June 2018 amounted to Rs. 0.328 million (30 June 2017: 0.227 million) and are included in these financial statements.

PIML Asset Allocation Fund

6.3 Following shares have been pledged with National Clearing Company of Pakistan Limited:

	2018 (Number of shares)	2017	2018 (Rupees in '000)	2017
Pakistan State Oil Company Limited	21,000	40,000	6,685	17,368
Engro Corporation Limited	5,000	-	1,569	
Pak Elektron Limited	-	85,000	-	6,059
Kot Addu Power Company Limited	-	35,000	-	2,758
	26,000	160,000	8,254	26,185

6.3 Advance against subscription of shares

This represents the subscription amount in the book building of ordinary shares of At-Tahur Limited. The bid was successful and 65,347 shares were transferred to the Fund subsequent to the year end. These shares currently are listed on the Pakistan Stock Exchange. On 10 September 2018 market value of the above shares were Rs. 1.767 million.

6.4 Quoted Sukuk Certificates- Held For Trading

Face value of Rs. 5,000/- each.

Sectors / Companies	Holding at beginning of the year	Acquired during the year	Disposed during the year	Holding at end of the year	Carrying value before revaluation as at 30 June 2018 (Rupees in '000)	Market value / carrying value as at 30 June 2018 (after revaluation)	Unrealised Loss - net	Market Value as % of Total Investments	Market Value as % of Net Assets
Pak Elektron Limited	-	10,000,000-	10,000,000	-	-	-	-	0.00%	0.00%
Cost of held for trading investments as at 30 June 2018				Rupees	-				
Cost of held for trading investments as at 30 June 2017				Rupees	10,000				

6.5 Term Deposit Receipt

This represented a term deposit with Mobilink Microfinance Bank Limited which had matured on 08 September 2017.

7. SECURITY DEPOSIT

	Note	2018 (Rupees in '000)	2017
Central Depository Company of Pakistan Limited security deposit		200	100
National Clearing Company of Pakistan Limited security deposit		5,000	2,500
Pakistan Mercantile Exchange Limited security deposit		29	-
		5,229	2,600

8. DIVIDEND, ADVANCES AND OTHER RECEIVABLES

Dividend receivable (held for trading investments)		580	1,154
Income tax recoverable	8.1	1,877	1,719
Receivable against sale of investment (subsequently received)		-	7,949
<i>Return / mark-up receivable on:</i>			
- Bank balances		905	-
- Term deposit receipts		-	572
- Quoted sukuk certificates		-	88
		3,362	11,482

8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150A, 151 and 233 of ITO 2001. However, the Federal Board of Revenue has made it mandatory to obtain exemption certificates under section 159(1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the year the Fund got the exemption certificate. Prior to receiving tax exemption certificate(s) from CIR various withholding agents had deducted advance tax under ITO 2001. The management is confident that the same shall be refunded to the Fund.

PIML Asset Allocation Fund

9. DEFERRED FORMATION COST

Formation cost incurred	4,391	4,891
Amortised to the income statement during the period	(500)	(500)
Unamortised cost at end of the period	3,891	4,391

As per the offering document expenses incurred in connection with the establishment and registration of the Scheme including execution and registration of the Constitutive Document(s), issue, legal costs, printing, circulation and publication of the Constitutive Document(s) and Offering Document(s), announcements describing the Scheme and all expenses incurred during the Initial Period shall be borne by the Management Company and shall be immediately reimbursable by the Scheme, subject to the audit of the expenses. The said formation cost shall be amortized by the Scheme over a period of not less than five years or any other period as specified by the SECP. Accordingly, these expenses are being amortised over ten years period beginning 12 April 2016.

10. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	10.1	565	769
Allocation of expense by the Management Company	10.2	954	-
Preliminary and floatation costs		3	-
		1,522	769

10.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to remuneration equal to an amount not exceeding 2% of average annual net assets. Management Company has charged remuneration at the rate of 2% per annum based on the daily net assets of the Fund during the year ended 30 June 2018. Details of the movement in balance payable to the management company is as follows.

Balance as of 1 July	769	3,050
Remuneration for the period	4,801	25,135
Paid during the period	(5,005)	(27,416)
Balance as of 30 June	565	8,413

10.2 Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 40 of 2016 dated 30 December, 2016 has allowed the Asset Management Companies (AMCs) to charge selling and marketing expenses to collective investment schemes managed by them. These expenses have been allowed initially for three years (from 01 January, 2017 till 31 December, 2019) to be charged to open end equity, asset allocation and index funds only. Moreover, the maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of fund or actual expenses whichever is lower (at which limit the expenses have been allocated to the Fund).

10.3 Under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 fees and expenses for registrar services, accounting, operation and valuation services relating to the Fund up to a maximum of 0.1% of the average annual net assets of the Fund or actual expense, whichever is less, shall be payable by the Fund to the Management Company.

However, above mentioned expenses have not been charged by the Management Company to the Fund to protect the interest of the unit holders of the Fund. Above expenses, had it been charged to the Fund, would not have been material.

11. REMUNERATION PAYABLE TO THE TRUSTEE

Central Depository Company of Pakistan Limited (The Trustee) is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

- up to rupees one billion	Rs. 700,000 or 0.2% per annum of the daily net assets, whichever is higher.
- exceeding rupees one billion	Rs. 2,000,000 plus 0.1% per annum of the daily net assets of the Fund exceeding rupees one billion.

PIML Asset Allocation Fund

Details of the movement in balance payable to the trustee is as follows:

	2018	2017
	(Rupees in '000)	
Balance as of 1 July	79	230
Remuneration for the year	701	2,211
Paid during the year	(724)	(2,362)
Balance as of 30 June	56	79

12. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the Fund in accordance with the regulations 62 of the NBFC Regulation 2008.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Federal Excise Duty on Remuneration of Management Company	13.1	2,644	845
Provision of Sindh Worker Welfare Fund	13.2	2,456	1,050
Sindh sales tax payable on Management Company remuneration	13.3	407	218
Sindh sales tax payable on Trustee remuneration		7	10
Auditors' remuneration payable		138	153
Payable against printing, postage and stationery		36	38
Fee payable to National Clearing Company of Pakistan Limited		60	30
Capital gain tax payable		-	6,069
		5,748	8,413

13.1 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013. While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. This amount is payable to the Management Company for onward payment to the government.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained provision for FED aggregating to Rs. 2.644 million. Had the provision not been made, NAV per unit of the Fund as at 30 June 2018 would have been higher by Re. 0.70 (30 June 2017: Re. 0.27).

13.2 Provision for Sindh Workers' Welfare Fund is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) letter to mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence WWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF, but as a matter of abundant caution management has recorded SWWF at 2% of the net income earned by a Fund effective from 12 April 2016 (the date of the commencement of the Fund's operation).

The total provision for SWWF till 30 June 2018 is Rs. 2.456 million (30 June 2017: Rs. 1.050 million). Had the provision not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 0.65 per unit (30 June 2017: Re. 0.34)

13.3 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2017: 13%) on Management Company's remuneration. Above liability includes Rs. 118,277 (2017: 118,277) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 13.1 above. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2018 would have been higher by Re. 0.03 (30 June 2017: Re. 0.04). This amount is payable to the Management Company for onward payment to the government.

14. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the year end except as those mentioned elsewhere in these financial statements.

PIML Asset Allocation Fund

15. NUMBER OF UNITS IN ISSUE	2018	2017
	(Number)	
Total outstanding as of 1 July	3,130,120	13,785,476
Issued during the year	1,646,179	21,952,566
Redemptions during the year	(1,006,205)	(32,607,922)
Total units in issue as of 30 June	3,770,094	3,130,120

16. AUDITORS' REMUNERATION	2018	2017
	(Rupees 'in '000)	
Annual audit fee	98	98
Half yearly review fee	58	58
Fee for the review of statement of compliance with the best practices of Code of Corporate Governance	-	15
Report on the statement of income and expenses	-	15
Out of pocket expenses	50	43
	206	229

17. TOTAL EXPENSE RATIO

Total expense ratio (comprising of all the expenses, including the government levies, incurred during the year divided by average net asset value for the year) is 3.77% per annum. Total expense ratio (excluding government levies) is 2.96% per annum. As per the NBFC Regulations, 2008 total expense ratio of the Equity Scheme shall be capped upto 4% (excluding the government levies).

18. 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 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. Since during the year, the Fund incurred loss, no dividend has been declared.

19. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----		
Opening balance as at 1 July 2017	-	-	-
Receivable against issuance of units	155,837	-	155,837
Payable against redemption of units	-	(101,391)	(101,391)
	155,837	(101,391)	54,446
Amount received on issuance of units	(155,837)	-	(155,837)
Amount paid on redemption of units	-	101,391	101,391
	(155,837)	101,391	(54,446)
Closing balance as at 30 June 2018	-	-	-

20. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include AWT Investments Limited being the Management Company, Central Depository Company of Pakistan Limited being the trustee, Pak Brunei Investment Company Limited, being an associated company of the Management Company, other funds managed by the Management Company, associated companies (if any) of the management company, entities in which the above parties or their connected persons have a material interest, Key Management Personnel and includes entities holding 10% or more units of the Fund as at 30 June 2018 or during the year. It also includes the staff retirement funds of the above related parties / connected person. Details of the transactions and balances with the related parties / connected persons, other than those which has been disclosed elsewhere are as follows:

PIML Asset Allocation Fund

20.1 Balances with related parties / connected persons as at year end	Note	2018 (Rupees in '000)	2017
AWT Investments Limited - Management Company of the Fund			
Payable to the Management Company	10.	<u>1,522</u>	<u>769</u>
Units held - 233,638 units (2017: Nil) (representing 6.20% of the net assets as of 30 June 2018)	20.5	<u>21,257</u>	<u>-</u>
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable to the Trustee	11.	<u>56</u>	<u>79</u>
Security Deposit	9.	<u>200</u>	<u>100</u>
Primus Investment Management Limited - Staff Provident Fund			
Units held - 17,433 (2017: 17,433) units (representing 0.46% of the net assets as at 30 June 2018)	20.5	<u>1,586</u>	<u>1,805</u>
Pak Brunei Investment Company Limited - associated company of the Management Company			
Units held - 2,569,155 (2017: 1,410,138) units (representing 68.15% of the net assets as at 30 June 2018)	20.5	<u>233,746</u>	<u>146,034</u>
Pak Brunei Investment Company Limited - Staff Gratuity Fund			
Units held - 19,624 (2017: 19,624 units) (representing 0.52% of the net assets as at 30 June 2018)	20.5	<u>1,785</u>	<u>2,084</u>
Silk Bank Limited (Common Directorship)			
Balance with the bank	5.1	<u>37</u>	<u>36</u>
Entities holding 10% or more units in issue			
Units held - Nil (2017: 571,987) units	20.5	<u>-</u>	<u>59,235</u>
Key Management Personnel of the Management Company			
Units held - Nil (2017: 153 units)	20.5	<u>-</u>	<u>16</u>
20.2 Detail of transactions with connected persons as at year end			
AWT Investments Limited - Management Company of the Fund			
Remuneration of the Management Company	10.1	<u>4,801</u>	<u>25,135</u>
Issuance of 233,638 units (2017: Nil units)		<u>22,126</u>	<u>-</u>
Front end load		<u>-</u>	<u>268</u>
Paid to management company against initial cost		<u>-</u>	<u>7,643</u>
Sale of Sukuk Certificates - proceeds		<u>-</u>	<u>3,003</u>
Gain on sale of the Sukuk Certificates		<u>-</u>	<u>3</u>

PIML Asset Allocation Fund

	<i>Note</i>	2018	2017
		(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee			
Remuneration of the Trustee	11.	<u>701</u>	<u>2,211</u>
Annual, transaction, custodian, CDS connection fee		<u>53</u>	<u>103</u>
Security deposit		<u>100</u>	<u>100</u>
Primus Investment Management Limited - Staff Provident Fund			
Issuance of Nil Units (2017: 17,433 units)		<u>-</u>	<u>1,760</u>
Pak Brunei Investment Company Limited - associated company of the Management Company			
Issuance of 1,159,017 units (2017: 19,607,939)		<u>109,662</u>	<u>2,060,000</u>
Redemption of Nil units (2017: 28,497,002)		<u>-</u>	<u>3,044,536</u>
Placements matured during the year		<u>-</u>	<u>200,000</u>
Mark-up earned on placements during the year		<u>-</u>	<u>982</u>
Mark-up on placements received during the year		<u>-</u>	<u>1,298</u>
Gain on redemption of units - net (earned by the investor)		<u>-</u>	<u>26,260</u>
Purchase of Government Securities		<u>-</u>	<u>164,164</u>
Sale of Government Securities		<u>-</u>	<u>113,842</u>
Gain on sale of Government Securities		<u>-</u>	<u>125</u>
Sale of debt securities		<u>-</u>	<u>51,696</u>
Gain on sale of debt securities		<u>-</u>	<u>625</u>
Pak Brunei Investment Company Limited - Staff Gratuity Fund			
Issuance of Nil units (2017: 19,624)		<u>-</u>	<u>1,982</u>
Silk Bank Limited (Common Directorship)			
Profit on bank balances		<u>1</u>	<u>1,102</u>
Placements matured during the year		<u>-</u>	<u>200,000</u>
Mark-up earned on placements during the year		<u>-</u>	<u>2,182</u>
Mark-up received on placements during the year		<u>-</u>	<u>3,477</u>
Packages Limited (Common Directorship)			
Dividend income		<u>294</u>	<u>288</u>
Entities holding 10% or more than 10% of units of the Fund			
Redemption of 153 units (2017: Nil units)		<u>15</u>	<u>-</u>

20.3 Remuneration payable to the Management Company and the Trustee have been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

20.4 Purchase and redemption of units of the Fund by related parties / connected persons are recorded at the applicable net asset value per unit. Purchase of the shares of related parties as investment are executed at the rates quoted on the Pakistan Stock Exchange and recorded at the said rates. Other transactions are at agreed rates.

20.5 This reflects the position of related party / connected person status as of 30 June 2018.

21. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- Credit risk (refer note 21.1)
- Liquidity risk (refer note 21.2)
- Market risk (refer note 21.3)

Risk management framework

The Board of directors of the Management Company has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on the limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how the management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

21.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of securities and security deposits.

The carrying amount of financial assets represents the maximum credit exposure.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer / counterparty is taken into account along with the financial background so as to minimise the risk of default.
- Analysing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

PIML Asset Allocation Fund

Exposure to credit risk

The maximum exposure to credit risk as at 30 June 2018 was as follows:

	2018		2017	
	Balance as per the Statement of Asset and Liabilities	Maximum Exposure	Balance as per the Statement of Asset and Liabilities	Maximum Exposure
	(Rupees in '000)		(Rupees in '000)	
Bank balances (including profit due)	169,247	169,247	40,358	40,358
Investments (including profit due)	169,850	-	276,439	64,978
Security deposits	5,229	5,229	2,600	2,600
Dividend receivable	580	580	1,154	1,154
Receivable against sale of investments	-	-	7,949	7,949
	344,906	175,056	328,500	117,039

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in equity securities including advance thereof amounting in total of Rs 169.85 (2017: Government Securities Rs. 211.461 million) is not exposed to credit risk.

Bank Balances

The Fund's cash and cash equivalents at 30 June 2018 with banks having following credit ratings:

Rating	2018		2017	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
A1+	3,305	1.95	34,664	85.89
A-1	165,840	97.99	1,382	3.42
A-1+	64	0.04	4,276	10.60
A-2	38	0.02	36	0.09
Total balance including profit due	169,247	100.00	40,358	100.00

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affects the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2018		2017	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
Commercial banks (including profit due)	169,247	96.68	40,358	34.48
Micro Finance Bank	-	-	54,820	46.84
National Clearing company of Pakistan Limited - security deposit	5,000	2.86	10,449	8.93
Central Depository Company of Pakistan Limited - security deposit	200	0.11	100	0.09
Pakistan Mercantile Exchange Limited - security deposit	29	0.02	-	-
Oil and Gas - dividend receivable	577	0.33	485	0.41
Engineering - dividend receivable	1	0.00	190	0.16
Pharmaceutical - dividend receivable	1	0.00	-	-
Textile - dividend receivable	1	0.00	-	-
Cable and Electronic Goods	-	-	10,158	8.68
Power and generation - dividend receivable	-	-	290	0.25
Cement - dividend receivable	-	-	189	0.16
	175,056	100.00	117,039	100.00

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2018. All financial assets of the Fund as at 30 June 2018 are unsecured.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments and other financial instruments that are traded in an active market and can be readily disposed, as mentioned in note 1.4. As a result, the Fund may be able to liquidate quickly its investment in these instruments at an amount close to their fair value to meet its liquidity requirement.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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.

Maturity analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

	Contractual cash flows	
	Carrying amount	Less than 1 month
	(Rupees in '000)	
30 June 2018		
<i>Non-derivative liabilities</i>		
<i>(excluding unit holders' fund)</i>		
Payable to the Management Company	1,522	1,522
Remuneration payable to the Trustee	56	56
Accrued expenses and other liabilities*	234	234
	1,812	1,812
Unit holders' fund	343,009	343,009

PIML Asset Allocation Fund

30 June 2017	Contractual cash flows	
	Carrying amount	Less than 1 month
	(Rupees in '000)	
<i>Non-derivative liabilities</i>		
<i>(excluding unit holders' fund)</i>		
Payable to the Management Company	769	769
Remuneration payable to the Trustee	79	79
Accrued expenses and other liabilities*	221	221
	<u>1,069</u>	<u>1,069</u>
Unit holders' fund	<u>324,155</u>	<u>324,155</u>

Above financial liabilities do not carry any mark-up and are unsecured.

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company's remuneration, Sindh sales tax on Trustee's remuneration, annual fee payable to Securities and Exchange Commission of Pakistan and withholding tax payable .

21.3 Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

Management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk and equity price risks.

21.3.1 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 interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

Interest rate profile of the Fund's interest-bearing financial instruments is as follows:

	2018	2017
	(Rupees in '000)	
Variable rate instruments		
Financial assets (bank balances)	168,342	40,332
Financial assets (Sukuk)	-	10,070
	<u>168,342</u>	<u>50,402</u>
Fixed rate instrument		
Financial assets (Term deposit receipt)	-	54,274
	<u>-</u>	<u>54,274</u>

Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 1.683 million (30 June 2017: Rs. 0.504 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Sensitivity analysis for fixed rate instruments

The Company does not account for term deposit receipt (fixed rate financial asset) at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect net assets of the fund.

Bank balances are repriced by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the Fund's liabilities are subject to interest rate risk.

21.3.2 Other market price risk

The Fund is exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Pakistan Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Funds policy is to manage price risk through diversification and selection of securities within the specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% the of issued capital of that investee company and the net assets of the Fund with overall limit of 30% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investments in industrial / economic sectors are given in note 6.1

All of the Fund's listed equity investments are listed on Pakistan Stock Exchange. In respect of investments classified as at fair value through income statement, a 5% increase or decrease in the fair values of the equity investments, would have increased or decreased the income statement and the unit holders' fund by Rs. 8.407 million (30 June 2017: Rs. 10.573 million).

21.4 Unit holder's fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units. Refer notes 15 also for the relevant details.

21.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 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 Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (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.

PIML Asset Allocation Fund

On-balance sheet financial instruments	Note	Carrying amount			Fair value			
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees in '000)								
30 June 2018								
Financial assets measured at fair value								
Investments	6.	168,149	-	-	168,149	168,149	-	168,149
Financial assets not measured at fair value								
Investments - Advance against subscription	21.5.1 6.	-	1,701	-	1,701	-	-	-
Bank balances	5.	-	168,342	-	168,342	-	-	-
Security deposits	7.	-	5,229	-	5,229	-	-	-
Dividend, advances and other receivables	8.	-	1,485	-	1,485	-	-	-
		-	176,757	-	176,757	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	21.5.1 10.	-	1,522	1,522	-	-	-	-
Remuneration payable to the Trustee	11.	-	56	56	-	-	-	-
Accrued expenses and other liabilities	13.	-	234	234	-	-	-	-
		-	1,812	1,812	-	-	-	-

On-balance sheet financial instruments	Note	Carrying amount			Fair value			
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees in '000)								
30 June 2017								
Financial assets measured at fair value								
Investments	6.	221,531	-	-	221,531	211,461	10,070	221,531
Financial assets not measured at fair value								
Investments	21.5.1 6.	-	54,274	-	54,274	-	-	-
Bank balances	5.	-	40,332	-	40,332	-	-	-
Security deposits	7.	-	2,600	-	2,600	-	-	-
Dividend, advances and other receivables	8.	-	9,763	-	9,763	-	-	-
		-	106,969	-	106,969	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	21.5.1 10.	-	-	769	769	-	-	-
Remuneration payable to the Trustee	11.	-	-	79	79	-	-	-
Accrued expenses and other liabilities	13.	-	-	221	221	-	-	-
		-	-	1,069	1,069	-	-	-

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

PIML Asset Allocation Fund

22 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, list of top brokers by percentage of commission the paid, members of the Investment Committee, fund manager, meetings of the Board of Directors, credit rating of the Fund and the Management Company of the Fund as required under Schedule V of Non Banking Finance Companies and Notified Entities Regulations, 2008 are as follows:

22.1 Unit holding pattern of Fund

Category	2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	128	15,307	4.46%
Associated Companies	4	237,117	69.13%
NBFCs	1	21,257	6.20%
Retirement Funds	5	17,695	5.16%
Others	5	51,633	15.05%
	143	343,009	100%

Category	2017		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	117	28,346	8.74%
Associates	3	149,871	46.23%
Banks / Development Financial Institution	1	15,903	4.91%
Retirement Funds	2	10,546	3.25%
Others	8	119,489	36.86%
	131	324,155	100%

22.2 List of top brokers by percent of the commission paid

The list of brokers by percentage of the commission paid during the year ended 30 June 2018 are as follows:

Name of broker	Percentage of commission / brokerage %
- ADAM Securities (Private) Limited	4.29
- AKD Securities Limited	5.46
- AL Hoqani Securities and Investment Corporation (Private) Limited	0.71
- Arif Habib Limited	6.38
- EFG Hermes Pakistan Limited	12.42
- ELIXIR Securities Pakistan (Private) Limited	15.94
- IGI Finex Securities Limited	0.34
- JS Global Capital Limited	1.85
- Muhammad Anaf Kapadia (SMC - Pvt.) Limited	7.79
- Next capital Limited	12.90
- Pearl Securities Limited	2.17
- Taurus Securities Limited	0.71
- Topline Securities (Private) Limited	9.53
- Vector Securities (Private) Limited	19.22
- WE Financial Services Limited	0.29

The list of brokers by percentage of the commission paid during the period ended 30 June 2017 were as follows:

PIML Asset Allocation Fund

The list of brokers by percentage of the commission paid during the year ended 30 June 2017 were as follows:

Name of broker	Percentage of commission / brokerage %
- ADAM Securities (Private) Limited	3.20
- AKD Securities Limited	3.50
- Al-Habib Capital Markets (Private) Limited	1.97
- Arif Habib Limited	2.28
- AL Hoqani Securities and Investment Corporation (Private) Limited	2.83
- ELIXIR Securities Pakistan (Private) Limited	12.45
- Global Securities Pakistan Limited	6.15
- Invest & Finance Securities Limited	7.51
- IGI Finex Securities Limited	1.93
- JS Global Capital Limited	10.30
- Muhammad Anaf Kapadia (SMC - Pvt.) Limited	6.83
- Vector Securities (Private) Limited	8.65
- Next capital Limited	9.39
- Pearl Securities Limited	5.75
- Invest Capital Markets Limited	4.97
- Taurus Securities Limited	3.02
- Topline Securities (Private) Limited	9.26

22.2.1 Under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund shall not enter into transactions with any broker that exceeds 15% of the commission payable by the Fund in one accounting year. However, during the year the Fund had entered into transactions with Elixir Securities Pakistan (Private) Limited and Vector Securities (Private) Limited up to 15.94% and 19.22%, which is 0.94% and 4.22% in excess of the allowed limit. Excess amount involved are Rs.0.0033 million and 0.0146 million respectively.

23.3 Members of the investment committee

Following are the members of investment committee:

Mr. Salman H. Sheikh - Chief Executive Officer
 Mr. Hamza Saboor - Chief Financial Officer
 Mr. Basharat Ullah Khan - Chief Investment Officer and Fund Manager
 Mr. Muhammad. Saeed Khalid - Acting Head of Research
 Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Salman Haider - Chief Executive Officer

Mr. Salman Haider has over 20 years of Investment Management experience including almost 10 years on Wall Street starting with Merrill Lynch in 1996 along with Janney and Wachovia-Wells Fargo. He has held series 7 and series 63 licenses with life & health insurance licenses of NASD in New York to develop and invest in diverse investment products including securities, debentures, futures & options, commodities and annuitized insurance investment plans. Mr. Salman Haider has vast experience in Investment Banking and Asset Management arenas and has headed Faysal Asset Management Ltd in Pakistan from 2005 till 2012 growing profits of the company by over 600% and asset base from PKR 1 Billion to PKR 13 Billion. Mr. Haider holds a bachelors in Finance from Rutgers University USA.

Mr. Hamza Saboor - Chief Financial Officer

Mr. Hamza Saboor is an associate member of the Institute of Chartered Accountant of Pakistan (ICAP) and currently pursuing Institute of Chartered Accountant in England and Wales (ICAEW) qualification. He has more than 07 years of work experience ranging from Multinational Audit firm, Financial Consultancy and Microfinance Bank. He started his career from KPMG Taseer Hadi & Co. specializing in Audit and Assurance services, Business Processing Outsourced and Risk Advisory in versatile industries specially the financial sector, which included statutory and financial audits, reviews and other engagements of reputable multinational and local organizations. He later served in the finance department of Pak Oman Microfinance Bank Limited.

Mr. Basharat Ullah Khan - Chief Investment Officer

Mr. Basharat Ullah is heading the Fund Management division of AWT Investments. He has extensive experience of 25 years in Pakistani capital markets primarily in the field of investment management and buy/sell side research. He has worked in both asset management and brokerage industry, with 11 years in the mutual fund sector where he headed fund management divisions in two asset management companies- Arif Habib Investments and Askari Investments. In brokerage, he served as head of research, heading the equity desk and also as Chief Executive of a company. He has MSc in Economics.

PIML Asset Allocation Fund

Mr Muhammad Saeed Khalid - Acting Head of Research

Mr. Saeed Khalid is a professional Financial Analyst serving the PIML for more than 2 year. Mr. Saeed is a part qualified ACCA from Association of Chartered Certified Accountants (UK). He is also an M.A. in Economics from University of Karachi. Mr. Saeed has served Shajar Capital Pakistan Pvt. Ltd. for more than 3 years. He has also worked with Admore Gas Pvt. Ltd. as an executive in Risk & Compliance department. He has provided his expertise while working in the leading brokerage houses of Pakistan i.e. Invest Capital Investment Bank Limited and Ismail Iqbal Securities Pvt. Ltd.

Mr. Asif Iqbal - Head of Risk and Compliance

Mr. Asif has over 12 years of Professional experience in Compliance, Audit and Assurance. Prior to joining PIML, he served in Pak Oman Asset Management Company Limited as Compliance Officer. He also worked with Riaz MSB Limited (UK) and Riaz Ahmad, Saqib Gohar & Co (Chartered Accountants). He has done Bachelors in Accounts & Finance from UK.

22.4 Manager of the Fund

Mr. Basharat Ullah Khan - Chief Investment Officer and Fund Manager

For details, refer note 21.3 above

22.5 Directors meeting attendances

Following are the dates and name of persons who attended the meeting of the board of directors during the year:

Name of directors	Dates meeting attended	26 Sep 17	27 Oct 17	27 Feb 18	27 Apr 18
Mr. Ahmed Ateeq*	3	1	1	1	N/A
Mr. Salman Haider *	4	1	1	1	1
Lt. General Khalid Rabbani (Retd) *	2	1	1	N/A	N/A
Major General Syed Taqi Naseer Rizvi (Retd) *	2	1	1	N/A	N/A
Mr. Tariq Iqbal Khan *	4	1	1	1	1
Mr. Istaqbal Mehdi*	3	1	1	-	1
Lt. General Najib Ullah Khan (Retd.)**	2	N/A	N/A	1	1
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	1
Mr. Malik Riffat Mehmood	0	N/A	N/A	N/A	N/A
Ms. Maleeha Humayun Bangash	0	N/A	N/A	N/A	N/A
Members attended		6	6	4	5

* Mr. Istaqbal Mehdi was appointed on 01 August 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), resigned on 16th January 2018 and 31 January 2018 respectively. Mr. Ahmed Ateeq resigned on 24th April 2018.

** The causal vacancies were then filled through appointment of Lt. General Najib Ullah Khan (Retd.) on 17th January 2018 and Major General Akhtar Iqbal (Retd.) on 1st February 2018.

*** The tenure of the present Board of Directors expired on 30 April 2018 and new Board was elected through election of director in EOGM held on 30 April 2018.

PIML Asset Allocation Fund

For the year ended 30 June 2017		Dates					
Name of directors	meeting attended	09 Aug 16	21 Oct 16	22 Dec 16	24 Feb 17	15 May 17	8-Jun-17
Mr. Khalid Aziz Mirza	6	1	1	1	1	1	1
Ms. Ayesha Aziz	4	1	1	1	-	1	-
Mr. Zafar Iqbal Sobani	5	1	1	1	1	1	-
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1	-	-
Mr. Ahmed Ateeq	6	1	1	1	1	1	1
Mr. Salman Haider *	2	N/A	N/A	N/A	N/A	1	1
Lt. General Khalid Rabbani (Retd) *	1	N/A	N/A	N/A	N/A	N/A	1
Major General Syed Taqi Naseer Rizvi (Retd) *	-	N/A	N/A	N/A	N/A	N/A	-
Mr. Tariq Iqbal Khan *	1	N/A	N/A	N/A	N/A	N/A	1
Members attended		5	5	5	4	5	5

* Mr. Salman Haider was appointed on 18 April 2017, whereas Lt. General Khalid Rabbani (Retd), Major General Syed Taqi Naseer Rizvi (Retd), Major General Syed Taqi Naseer Rizvi (Retd) and Mr. Tariq Iqbal Khan were appointed on 17 May 2017.

22.6 Audit Committee meeting attendances

Following are the dates and name of persons who attended the meeting of the audit committee during the year:

Name of directors	Dates meeting attended	Dates			
		26-Sep-17	27-Oct-17	27-Feb-18	27-Apr-18
Mr. Tariq Iqbal Khan	4	1	1	1	1
Mr. Ahmed Ateeq	3	1	1	1	N/A
Major General Syed Taqi Naseer Rizvi (Retd)*	2	1	1	N/A	N/A
Major General Akhtar Iqbal (Retd.)**	1	N/A	N/A	N/A	N/A
Members attended		3	3	2	2

For the year ended 30 June 2017

Name of directors	Dates meeting attended	Dates			
		09 Aug 16	21 Oct 16	24 Feb 17	15 May 17
Mr. Khalid Aziz Mirza	4	1	1	1	1
Mr. Zafar Iqbal Sobani	4	1	1	1	1
Mr. Mokhzani Izhar Bin Haji Abu Bakar	4	1	1	1	1
Members attended		3	3	3	3

22.7 Human resource and remuneration meeting attendances

Following are the date and name of persons who attended the meeting of Human Resource and Remuneration during the year:

For the year ended 30 June 2018

Name of Directors	Dates Meeting attended	Dates	
		17 Oct 17	29 Nov 17
Mr. Major General (Retd) Syed Taqi Naseer Rizvi	2	1	1
Mr. Istaqbal Mehdi	2	1	1
Mr. Salman Haider Shaikh	2	1	1
		3	3

PIML Asset Allocation Fund

For the year ended 30 June 2017

Name of Directors	Dates Meeting attended	22 Dec 16	15 Jun 17
		Mr. Khalid Aziz Mirza	1
Ms. Ayesha Aziz	1	1	-
Mr. Ateeq Ahmed	2	1	1
Major General Syed Taqi Naseer Rizvi (ret)	1	N/A	1
Mr. Salman Haider	1	N/A	1
		<u>3</u>	<u>3</u>

22.8 Proxy Voting

Details
Number
Percentages(%)

Resolution	For	Against	Abstain*
Nil	Nil	Nil	Nil
-	-	-	-

The Proxy Voting policy of the PIML Asset Allocation Fund is available on the website of AWT Investments Limited and detailed information regarding actual proxies voted by the company in respect of the Fund is also available without charge, upon request, to all unit holders.

22.9 Fund and Asset Manager Rating

The JCR VIS Credit Rating Company Limited (JCR VIS) vide its press release dated 15 December 2016 has assigned rating of AM3+ to the Management Company and has placed the Company under 'Rating Watch - Developing' status.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on **September 24, 2018**.

For AWT Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- 📄 Licensed Entities Verification
- 🔍 Scam meter*
- 🎮 Jamapunji games*
- 📊 Tax credit calculator*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ?? FAQs Answered

- 📈 Stock trading simulator
(based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📖 Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices