

**NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2016**

		September 30, 2016	June 30, 2016
	Note	(Unaudited)	(Audited)
		-----Rupees in '000-----	
ASSETS			
Bank balances	5	702,946	1,279,554
Investments	6	3,446,630	2,820,110
Profit Receivable	7	22,901	94,347
Deposit with Central Depository Company of Pakistan		100	100
Total assets		4,172,577	4,194,111
LIABILITIES			
Payable to National Investment Trust Limited - Management Company	8	5,146	5,088
Payable to Central Depository Company of Pakistan Limited - Trustee	9	355	345
Payable to Securities and Exchange Commission of Pakistan		772	3,469
Payable against redemption of units		463	131
Accrued expenses and other liabilities	10	73,579	73,796
Dividend Payable		12,873	19,655
Total liabilities		93,188	102,484
NET ASSETS		4,079,389	4,091,627
Unit holders' fund (as per statement attached)		4,079,389	4,091,627
Contingency	11		
		Number of units	
Number of units in issue		405,586,701	410,935,884
		-----Rupees-----	
Net asset value per unit		10.0580	9.9569

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Managing Director

Director

Director

**NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	September 30,	
		2016	2015
------(Unaudited)-----			
-----Rupees in '000-----			
INCOME			
Income from government securities		48,124	102,536
Profit on bank deposits		14,671	10,373
Capital gain on sale of investments -net		4,070	72,681
Total income		66,865	185,590
EXPENSES			
Remuneration of National Investment Trust Limited			
- Management Company	8.1	12,876	16,399
Sindh Sales Tax on remuneration to Management Company	8.2	1,674	2,663
Federal Excise Duty on remuneration to Management Company		-	2,619
Remuneration of Central Depository Company of Pakistan Limited - Trustee		963	1,178
Sindh Sales Tax on remuneration of Trustee	9.1	125	164
Annual fee - Securities and Exchange Commission of Pakistan		772	981
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	1,030	-
Auditors' remuneration		184	174
Settlement and bank charges		110	77
Listing fee		-	115
Printing charges		-	25
Total expenses		17,734	24,395
Net income from operating activities		49,131	161,195
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(430)	(1,967)
Net income for the period before taxation		48,701	159,228
Taxation	12	-	-
Net income for the period		48,701	159,228

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Managing Director

Director

Director

**NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	September 30,	
		2016	2015
		------(Unaudited)-----	
		-----Rupees in '000-----	
Net income for the period		48,701	159,228
Other comprehensive income for the period			
Items to be reclassified to income statement in subsequent periods:			
Net unrealised (dimunition) in the fair value of investments classified as 'available for sale'	6.3	(7,843)	(72,139)
Total comprehensive income for the period		<u>40,858</u>	<u>87,089</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Managing Director

Director

Director

**NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

Note	September 30,	
	2016	2015
	------(Unaudited)-----	
	-----Rupees in '000-----	
Undistributed (loss) / income at the beginning of the period- realised	(2,628)	46,141
Element of income/(loss) and capital gains/(losses) included in the prices of units issued less those in units redeemed - amount representing income/(loss) that form part of unit holders' Fund-net	72	1,447
Net income for the period	48,701	159,228
Undistributed income carried forward- realised	<u>46,145</u>	<u>206,816</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Managing Director

Director

Director

**NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	September 30,	
		2016	2015
		------(Unaudited)-----	
		-----Rupees in '000-----	
Net assets at the beginning of the period [Rs. 9.9569 per unit (2015: Rs. 10.1222 per unit)]		4,091,627	4,860,709
Issue of 13,801,956 units (2015: 85,389,405 units)		138,065	868,237
Redemption of 19,151,138 units (2015: 58,298,512 units)		(191,591) (53,526)	(594,771) 273,466
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net			
- amount representing loss transferred to interim income statement		430	1,967
- amount representing (income) transferred to interim distribution statement		(72)	(1,447)
		358	520
Net unrealised (diminution) in the fair value of investments classified as 'available for sale'	6.3	(7,843)	(72,139)
Gain on sale of investments-net		4,070	72,681
Other net income for the period		44,631	86,547
Total comprehensive income for the period		40,858	87,089
Element of income/(loss) and capital gains/(losses) included in the prices of units issued less those in units redeemed - amount representing income/(loss) that form part of unit holders' Fund-net		72	1,447
Net assets at the end of the period [Rs. 10.0580 per unit (2015: Rs. 10.2962 per unit)]		4,079,389	5,223,231

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Managing Director

Director

Director

**NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	September 30,	
	2016	2015
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	48,701	159,228
Adjustments:		
Amortisation of preliminary expenses and floatation costs	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	430	1,967
	49,131	161,195
(Increase) / decrease in assets		
Investments	(634,363)	(974,224)
Accrued income	71,446	100,919
Receivable against sale of investments	-	-
	(562,917)	(873,305)
Increase / (decrease) in liabilities		
Payable to National Investment Trust Limited - Management Company	58	(570)
Payable to Central Depository Company of Pakistan Limited - Trustee	10	(22)
Payable to Securities and Exchange Commission of Pakistan	(2,697)	(4,066)
Payable against redemption of units	332	750
Accrued expenses and other liabilities	(217)	(41,751)
	(2,514)	(45,659)
Net cash (used in) from operating activities	(516,300)	(757,769)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	138,065	868,237
Payments against redemption of units	(191,591)	(594,771)
Distribution paid	(6,782)	(179,477)
Net cash (used in)/ generated from financing activities	(60,308)	93,989
Net increase in cash and cash equivalents during the period	(576,608)	(663,780)
Cash and cash equivalents at the beginning of the period	1,279,554	1,443,512
Cash and cash equivalents at the end of the period	702,946	779,732

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Managing Director

Director

Director

NIT - GOVERNMENT BOND FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The NIT - Government Bond Fund (the Fund) was established under a Trust Deed executed between National Investment Trust Limited (NITL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. NBFC-II/NITL/896/2009 dated September 24, 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on September 4, 2009. The Fund is categorized as Income Scheme as per criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters. The units of the Fund were initially issued at Rs. 10 per unit.
- 1.2** The Management Company of the Fund has been classified as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 6th floor, National Bank of Pakistan Building, I.I. Chundrigar Road, Karachi.
- 1.3** The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** Pakistan Credit Rating Agency Limited (PACRA) has assigned "AA-(f)" rating to the Fund and has assigned an asset manager rating of "AM2+" to the Management Company.
- 1.5** The objective of the Fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in government securities.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.
- 2.1.2** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2016.
- 2.1.3** This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2)(f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

3 Significant Accounting Policies

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

4 Estimates and Judgements

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

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

5 BANK BALANCES

These represent balances with banks in savings accounts carrying rates ranging from 3.75% to 6.25% per annum (30 June 2016: 2.00% to 7.5% per annum)

6 INVESTMENTS	Note	September 30, 2016	June 30, 2016
		(Unaudited)	(Audited)
-----Rupees in '000-----			
Available for sale			
Government securities:			
- Market Treasury Bills	6.1	2,928,505	931,130
- Pakistan Investment Bonds	6.2	518,125	1,888,980
		<u>3,446,630</u>	<u>2,820,110</u>

6.1 Market Treasury Bills

Issue date	Tenor	Face value				Balance as at		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2016	Purchases during the period	Sales / matured during the period	As at 30 September 2016	Carrying value	Market value		
----- (Rupees in '000) -----									
August 20, 2015	12 Months	350,000	500,000	850,000	-	-	-	-	-
September 3, 2015	12 Months	202,000	-	202,000	-	-	-	-	-
January 21, 2016	12 Months	4,500	-	-	4,500	4,421	4,421	0.11	0.13
February 18, 2016	12 Months	68,000	-	-	68,000	66,507	66,502	1.63	1.93
March 3, 2016	12 Months	125,000	300,000	-	425,000	414,994	414,717	10.17	12.03
April 14, 2016	12 Months	20,700	-	-	20,700	20,067	20,065	0.49	0.58
July 21, 2016	12 Months	-	450,000	-	450,000	430,186	429,585	10.53	12.46
May 12, 2016	6 Months	28,000	-	-	28,000	27,819	27,816	0.68	0.81
May 26, 2016	6 Months	150,000	-	-	150,000	148,717	148,683	3.64	4.31
July 11, 2016	6 Months	-	200,000	-	200,000	196,980	196,915	4.83	5.71
July 21, 2016	6 Months	-	1,350,000	-	1,350,000	1,326,982	1,326,189	32.51	38.48
August 4, 2016	6 Months	-	100,000	-	100,000	98,058	98,016	2.40	2.84
August 18, 2016	6 Months	-	200,000	-	200,000	195,663	195,595	4.79	5.67
Total - 30 September 2016		948,200	3,100,000	1,052,000	2,996,200	2,930,393	2,928,505	71.79	84.97

6.2 Pakistan Investment Bonds

March 26, 2015	5 years	150,000	-	150,000	-	-	-	-	-
July 18, 2013	3 years	1,200,000	-	1,200,000	-	-	-	-	-
March 26, 2015	3 years	450,000	-	-	450,000	464,660	467,231	11.45	13.56
April 21, 2016	3 years	50,000	-	-	50,000	50,612	50,894	1.25	1.48
Total - 30 September 2016		1,850,000	-	1,350,000	500,000	515,272	518,125	12.70	15.03

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

Note	September 30	
	2016	2015
----- (Unaudited) -----		
-----Rupees in '000-----		
Market value of investments	3,446,630	4,483,218
Less: carrying value of investments	(3,445,665)	(4,433,287)
	965	49,931
Less: net unrealised diminution at the beginning of the year	8,808	122,070
	<u>(7,843)</u>	<u>(72,139)</u>

7 PROFIT RECEIVABLE

	September 30, 2016	June 30, 2016
	(Unaudited)	(Audited)
-----Rupees in '000-----		
Profit on savings accounts	5,162	2,812
Mark-up on fixed income securities	17,739	91,535
	<u>22,901</u>	<u>94,347</u>

8 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY	September 30,2016 (Unaudited)	June 30, 2016 (Audited)
	-----Rupees in '000-----	
On account of:		
- Management remuneration	8.1	4,195
- Sindh Sales Tax	8.2	546
- Sales load		69
- Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	336
		324
		<u>5,146</u>
		<u>5,088</u>

8.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 percent of average net assets. The Management Company has charged its remuneration at the rate of 1.25 percent per annum (30 June 2016: 1.25 percent per annum) of the average net assets for the current period.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011,

8.3 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(3)(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it.

The expenses represents the allocation of expenses relating to registrar services, accounting, operations and valuation services at 0.1% of average net annual assets of the Fund.

9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	September 30,2016 (Unaudited)	June 30, 2016 (Audited)
	-----Rupees in '000-----	
Trustee remuneration		314
Sindh Sales Tax	9.1	41
		<u>355</u>
		<u>345</u>

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

10 ACCRUED EXPENSES AND OTHER LIABILITIES	September 30,2016 (Unaudited)	June 30, 2016 (Audited)
	-----Rupees in '000-----	
Provision for Workers' Welfare Fund	10.1	39,149
Federal Excise Duty	10.2	29,849
Capital gain tax		3
Auditors' remuneration		655
Legal and Professional Charges		729
Printing charges		9
Settlement charges		21
Brokerage		91
Withholding Tax		3,073
Zakat Payable		-
		391
		<u>73,579</u>
		<u>73,796</u>

- 10.1 There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended 30 June 2016.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1 July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Assets Value (NAV) per unit of the Fund as at 30 September 2016 would have been higher by Rs.0.0965 per unit (30 June 2016: Rs. 0.0953 per unit).

- 10.2 There has been no change in the status of litigation relating to Federal Excise Duty (FED) as reported in annual financial statements of the Fund for the year ended 30 June 2016. As a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs.31.872 million out of which Rs. 2.023 million have been paid to the Management Company. Had the provision not been made, the Net Assets Value (NAV) per unit of the fund as at 30 September 2016 would have been higher by Rs. 0.0786 per unit (30 June 2016: Rs. 0.0776 per unit). However, after the exclusion of mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

11 CONTINGENCY

There is no change in the status of contingency as fully disclosed in annual financial statements for the year ended 30 June 2016.

12 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2017 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

13 TOTAL EXPENSE RATIO

Total expense ratio (TER) of the Fund for the quarter ended 30 September 2016 is 1.72% . The TER includes 0.25% representing SECP Fee and Sindh Sales tax on services.

14 TRANSACTIONS WITH CONNECTED PERSONS

- 14.1 Connected persons include National Investment Trust Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the Fund and the directors and officers of the Management Company and the Trustee and unit holders holding 10 percent or more units of the Fund.
- 14.2 The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 14.3 Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

14.5 **Details of the transactions with connected persons are as follows:**

	September 30,	
	2016	2015
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
National Investment Trust Limited - Management Company		
Issue of units: Nil (2015: 31,424,382 units)	-	320,000
Remuneration of the Management Company	12,876	16,399
Sindh Sales Tax on Management remuneration	1,674	2,663
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,030	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	963	1,178
Sindh Sales Tax on Trustee Remuneration	125	164

14.6 **Amounts outstanding as at period/year end:**

	September 30, 2016	June 30, 2016
	(Unaudited)	(Audited)
	----- Rupees in '000 -----	
National Investment Trust Limited - Management Company		
Units held 100,609,695 (June 30, 2016: 100,609,695 units)	1,011,932	1,001,761
Management fee payable	4,195	4,040
Sindh Sales Tax payable	546	657
Sales Load payable	69	67
Allocation of expenses related to registrar services, accounting, operation and valuation services	336	324
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	314	303
Sindh Sales Tax on Trustee remuneration of Trustee	41	42
Security Deposit	100	100
National Investment Trust Limited - Employees' Provident Fund		
7,593,652 units held (June 30, 2016: 7,593,652 units)	76,377	75,609
National Investment Trust Limited - Employees' Pension Fund		
17,812,877 units held (June 30, 2016: 17,809,877 units)	179,162	177,361
National Investment Trust Limited - Employees Benevolent Fund		
2,504,423 units held (June 30, 2016: 2,504,423 units)	25,189	24,936
Bank Al Habib Limited		
48,615,258 units held (June 30, 2016: 48,615,258 units)	488,972	484,055
Chief Operating Officer		
1,169,189 units held (June 30, 2016: 1,169,189 units)	11,760	11,641
Fund Manager		
646 units held (June 30, 2016: 605 units)	6	6
Head of MD's Secretariat and Personnel		
59,445 units held (June 30, 2016: 59,445 units)	598	592

15 **DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on **28 October 2016** by the Board of Directors of the Management Company.

16 **GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

Managing Director

Director

Director