



**NIT Income Fund  
Condensed Interim Financial  
Statements (Unaudited)  
for the Nine Months period  
ended  
31 March 2017**

**NIT - INCOME FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT MARCH 31, 2017**

	March 31, 2017 (Unaudited)	June 30, 2016 (Audited)
Note	-----Rupees in '000-----	
<b>ASSETS</b>		
Bank balances	5 1,693,208	1,994,036
Investments	6 2,503,743	1,846,425
Receivable against Marginal Trading System	10,288	286,760
Profit Receivable	7 31,961	52,190
Security deposit	350	350
Receivable against Redemption of Term Finance Certificate	-	19,964
<b>Total assets</b>	<b>4,239,550</b>	<b>4,199,725</b>
<b>LIABILITIES</b>		
Payable to National Investment Trust Limited - Management Company	8 3,853	5,615
Payable to Central Depository Company of Pakistan Limited - Trustee	9 434	391
Annual fee payable to the Securities and Exchange Commission of Pakistan	2,308	2,902
Payable against redemption of units	292	521
Accrued expenses and other liabilities	10 33,307	54,444
Dividend Payable	1,908	8,211
<b>Total liabilities</b>	<b>42,102</b>	<b>72,084</b>
<b>NET ASSETS</b>	<b>4,197,448</b>	<b>4,127,641</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>4,197,448</b>	<b>4,127,641</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11	
	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>391,614,500</b>	<b>400,846,468</b>
	-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>	<b>10.7183</b>	<b>10.2973</b>

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

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

sd/-  
Managing Director

sd/-  
Director

sd/-  
Director

**NIT - INCOME FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2017**

		Nine months period ended		Three months period ended	
		2017	2016	2017	2016
		(Unaudited)			
		Rupees in '000			
	Note				
<b>INCOME</b>					
Income from government securities		75,630	157,805	15,752	63,273
Profit on bank balances		77,359	59,821	32,614	23,456
Income from Term Finance Certificates		23,312	18,571	7,399	7,724
Income from Certificates of Investment		5,602	2,969	2,426	-
Income from letters of placement		1,156	-	-	-
Income from Marginal Trading System		11,814	-	2,991	-
Amortisation of (premium) on Term Finance Certificates - net		(246)	(26,723)	3,111	(26,514)
Gain on sale of investments-net		5,745	62,350	181	2,356
Reversal of provision for Workers' Welfare Fund	10.1	28,973	-	28,973	-
<b>Total income</b>		<b>229,345</b>	<b>274,793</b>	<b>93,447</b>	<b>70,295</b>
<b>EXPENSES</b>					
Remuneration of National Investment Trust Limited - Management Company	8.1	34,765	35,695	9,019	12,318
Sindh sales tax on Management Company's remuneration	8.2	4,520	5,797	1,173	2,001
Federal excise duty on Management Company's remuneration		-	5,708	-	1,968
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,257	3,064	1,077	1,048
Sindh Sales Tax on Remuneration of Trustee		423	430	140	148
Annual fee - Securities and Exchange Commission of Pakistan		2,308	2,135	764	738
Custodian charges of Central Depository Company of Pakistan Limited		195	12	2	5
Allocation of expenses related to registrar services accounting, operations and valuation services	8.3	3,079	1,360	1,019	1,021
Laga and Levy Charges		1,671	-	437	-
Settlement and bank charges		116	292	-	77
Securities transaction costs		135	226	-	40
Auditors' remuneration		539	507	107	123
Annual listing fee		64	122	-	-
Printing charges		61	72	61	22
Mutual Fund rating Fee		273	251	273	19
<b>Total expenses</b>		<b>51,406</b>	<b>55,671</b>	<b>14,072</b>	<b>19,528</b>
<b>Net income from operating activities</b>		<b>177,939</b>	<b>219,122</b>	<b>79,375</b>	<b>50,767</b>
Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed - net		1,639	15,879	8,128	5,716
Provision for Sindh Workers' Welfare Fund	10.1	(7,194)	-	(7,194)	-
<b>Net income for the period before taxation</b>		<b>172,384</b>	<b>235,001</b>	<b>80,309</b>	<b>56,483</b>
Taxation	12	-	-	-	-
<b>Net income for the period</b>		<b>172,384</b>	<b>235,001</b>	<b>80,309</b>	<b>56,483</b>

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

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

sd/-  
**Managing Director**

sd/-  
**Director**

sd/-  
**Director**

**NIT - INCOME FUND  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2017**

	Nine months period ended,		Three months period ended,	
	2017	2016	2017	2016
	------(Unaudited)-----			
Note	-----Rupees in '000-----			
Net income for the period	172,384	235,001	80,309	56,483
<b>Other comprehensive income</b>				
Items to be reclassified to income statement in subsequent periods:				
Unrealised (diminution) on re-measurement of investments classified as 'available for sale'	6.6	(7,421)	(50,345)	(566)
		(4,516)		
<b>Total comprehensive income for the period</b>	<b>164,963</b>	<b>184,656</b>	<b>79,743</b>	<b>51,967</b>

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

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

**sd/-**  
**Managing Director**

**sd/-**  
**Director**

**sd/-**  
**Director**

**NIT - INCOME FUND  
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	<u>Nine months period ended,</u>	
	<u>2017</u>	<u>2016</u>
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
<b>Undistributed income brought forward- realized</b>	<b>84,559</b>	55,273
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	<b>256</b>	(3,985)
Net income for the period	<b>172,384</b>	235,001
<b>Undistributed income carried forward-realized</b>	<b><u>257,199</u></b>	<u>286,289</u>

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

**sd/-  
Managing Director**

**sd/-  
Director**

**sd/-  
Director**

**NIT - INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	<u>Nine months period ended,</u>	
	<u>2017</u>	<u>2016</u>
Note	------(Unaudited)-----	
	-----Rupees in '000-----	
<b>Net assets at the beginning of the period</b> [Rs. 10.2973 per unit (2015: Rs. 10.4448 per unit)]	4,127,641	3,672,991
Issue of 118,936,975 units (2016: 119,090,971 units)	1,255,457	1,279,755
Redemption of 128,168,942 units (2016: 90,042,002 units)	(1,348,974) (93,517)	(964,440) 315,315
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		
- amount representing income/(loss) transferred to income statement	(1,639)	(15,879)
- amount representing income transferred to distribution statement	(256)	3,985
	(1,895)	(11,894)
Net unrealised (diminution)/ appreciation on remeasurement of investments classified as 'available for sale' - net	6.6 (7,421)	(50,345)
Gain on sale of investments-net	5,745	62,350
Other net income for the period	166,639	172,651
<b>Total comprehensive income for the period</b>	164,963	184,656
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed -		
- amount representing income / (loss) that form part of unit holders' fund-net	256	(3,985)
<b>Net assets at the end of the period</b> [Rs. 10.7183 per unit (2016: Rs. 10.9194 per unit)]	4,197,448	4,157,083

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

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

sd/-  
**Managing Director**

sd/-  
**Director**

sd/-  
**Director**

**NIT - INCOME FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	<b>Nine months period ended,</b>	
	<b>2017</b>	<b>2016</b>
	------(Unaudited)-----	
	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	172,384	235,001
<b>Adjustments:</b>		
Element of income and capital gains included in prices of units issued less those in units redeemed - net	<u>(1,639)</u>	<u>(15,879)</u>
	170,745	219,122
<b>(Increase) / decrease in assets</b>		
Investments	<b>(664,739)</b>	(669,533)
Profit Receivable	20,229	40,670
Receivable against Marginal Trading System	276,472	-
Receivable against Redemption/subsorption of investments	19,965	(54,971)
	<b>(348,073)</b>	(683,834)
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	<b>(1,762)</b>	601
Payable to Central Depository Company of Pakistan Limited - Trustee	43	66
Annual fee payable to the Securities and Exchange Commission of Pakistan	<b>(594)</b>	(642)
Payable on redemption of units	<b>(229)</b>	(554)
Accrued expenses and other liabilities	<b>(21,137)</b>	(31,189)
	<b>(23,679)</b>	(31,718)
<b>Net cash (used in) operating activities</b>	<b>(201,007)</b>	(496,430)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	<b>1,255,457</b>	1,279,755
Payments on redemption of units	<b>(1,348,974)</b>	(964,440)
Distribution paid	<b>(6,303)</b>	(120,028)
<b>Net cash generated from financing activities</b>	<b>(99,820)</b>	195,287
<b>Net increase in cash and cash equivalents during the period</b>	<b>(300,827)</b>	(301,143)
Cash and cash equivalents at the beginning of the period	1,994,036	1,330,951
<b>Cash and cash equivalents at the end of the period</b>	<b><u>1,693,209</u></b>	<b><u>1,029,808</u></b>

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

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

sd/-  
Managing Director

sd/-  
Director

sd/-  
Director

## **NIT - INCOME FUND**

### **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2017**

#### **1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 NIT - Income Fund (the "Fund") was established under a Trust Deed executed on 17 September 2009 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/1026/2009 dated 20 November 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("NBFC Rules"). The Fund is categorized as an Income Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. 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 (PSX). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at par from 15 February 2010 to 19 February 2010 (both days inclusive). Prior to the public offer, units were offered and issued to core investors and pre IPO investors at par value of Rs. 10. Subsequent to the initial period i.e., after 19 February 2010 units are being offered in accordance with the basis specified in the offering document.
- 1.4 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 fixed income securities / instruments.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned "A+(f)" rating to the Fund and has assigned an asset manager rating of "AM2+" to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as 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 6.50% per annum (30 June 2016: 2.00% to 7.50% per annum)



6 INVESTMENTS	Note	March 31, 2017	June 30, 2016
		(Unaudited)	(Audited)
		Rupees in '000	
<b>Available for sale</b>			
Government securities:			
-Market Treasury Bills	6.1	1,932,011	331,955
-Pakistan Investment Bonds	6.1	-	1,135,002
Term finance certificates - listed	6.2	131,841	119,545
Term finance certificates - unlisted	6.3	239,891	259,923
Certificates of investment	6.5	200,000	-
		<u>2,503,743</u>	<u>1,846,425</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	Purchased during the period	Sales / matured during the period	As at 31 March 2017	Carrying value	Market value		
		(Rupees in '000)						(%)	
<b>Market Treasury Bills</b>									
March 2, 2017	3 Months	-	500,000	-	500,000	495,661	495,554	11.81	19.79
February 16, 2017	3 Months	-	500,000	-	500,000	496,786	496,686	11.83	19.84
February 2, 2017	3 Months	-	500,000	-	500,000	497,911	497,818	11.86	19.88
November 24, 2016	3 Months	-	800,000	800,000	-	-	-	-	-
July 21, 2016	6 Months	-	650,000	650,000	-	-	-	-	-
July 11, 2016	6 Months	-	400,000	400,000	-	-	-	-	-
July 21, 2016	12 Months	-	450,000	450,000	-	442,536	441,954	10.53	17.65
March 3, 2016	12 Months	-	200,000	-	-	-	-	-	-
August 20, 2015	12 Months	145,000	-	145,000	-	-	-	-	-
September 3, 2015	12 Months	190,000	-	190,000	-	-	-	-	-
<b>Total - 31 March 2017</b>		<b>335,000</b>	<b>4,000,000</b>	<b>2,835,000</b>	<b>1,500,000</b>	<b>1,932,893</b>	<b>1,932,011</b>	<b>46.03</b>	<b>77.16</b>

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	Purchased during the period	Sales / matured during the period	As at 31 March 2017	Carrying value	Market value		
		(Rupees in '000)						(%)	
<b>Pakistan Investment Bond</b>									
April 21, 2016	03 years	50,000	-	50,000	-	-	-	-	-
March 26, 2015	05 years	150,000	-	150,000	-	-	-	-	-
March 26, 2015	03 years	400,000	400,000	800,000	-	-	-	-	-
July 18, 2013	03 years	500,000	-	500,000	-	-	-	-	-
<b>Total - 31 March 2017</b>		<b>1,100,000</b>	<b>400,000</b>	<b>1,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 6.2 Term finance certificates - listed

All certificates have a face value of Rs. 5,000 each.

Name of the investee company		Number of certificates				Balance as at		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2016	Purchased during the period	Sales / matured during the period	As at 31 March 2017	Carrying value	Market value		
		(Rupees in '000)						(%)	
<b>Commercial banks</b>									
Faysal Bank Limited	December 27, 2010	5,000	-	-	5,000	12,570	12,568	0.30	0.50
Summit Bank Limited	October 27, 2011	20,000	-	-	20,000	99,770	100,242	2.39	4.00
<b>Sukuk</b>									
Fatima Fertilizer Company Limited	November 28, 2016	-	3,678	-	3,678	18,390	19,031	0.45	0.76
<b>Total - 31 March 2017</b>		<b>25,000</b>	<b>3,678</b>	<b>-</b>	<b>28,678</b>	<b>130,730</b>	<b>131,841</b>	<b>3.14</b>	<b>5.26</b>

#### 6.3 Term finance certificates - unlisted

All certificates have a face value of Rs. 5,000 each.

Name of the investee company		Number of certificates				Balance as at		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2016	Purchased during the period	Sales / matured during the period	As at 31 March 2017	Carrying value	Market value		
		(Rupees in '000)						(%)	
<b>Commercial banks</b>									
Bank Al-Falah Limited (Fixed)	December 2, 2009	7,000	-	-	7,000	23,290	24,074	0.57	0.96
Bank Al-Falah Limited (Floating)	December 2, 2009	5,250	-	-	5,250	17,501	17,585	0.42	0.70
Standard Chartered Bank Limited	June 29, 2012	6,400	-	-	6,400	32,110	32,016	0.76	1.28
Habib Bank Limited	February 19, 2016	1,000	-	-	1,000	99,960	99,860	2.38	3.99
Bank Al-Habib Limited	March 17, 2016	13,125	-	-	13,125	65,599	66,356	1.58	2.65
<b>Total - 31 March 2017</b>		<b>32,775</b>	<b>-</b>	<b>-</b>	<b>32,775</b>	<b>238,461</b>	<b>239,891</b>	<b>5.71</b>	<b>9.58</b>

6.4 Significant terms and conditions of term finance certificates outstanding at the period end are as follows:

Name of security	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / unsecured	Rating
<b>Listed term finance certificates/Sukuk</b>							
Summit Bank Limited	20,000	4,989	6-months KIBOR + 3.25%	27 October 2011	7 years	Unsecured	A-
Faysal Bank Limited	5,000	2,495	6-months KIBOR + 2.25%	27 December 2010	7 years	Unsecured	AA-
Fatima Fertilizer Company Limitec	3,678	5,000	6-months KIBOR + 1.1%	28 November 2016	5 years	Unsecured	AA-
<b>Unlisted term finance certificates</b>							
Bank Al-Falah Limited (Fixed)	7,000	3,325	15.00%	02 December 2009	8 years	Unsecured	AA-
Bank Al-Falah Limited (Floating)	5,250	3,325	6-months KIBOR + 2.50%	02 December 2009	8 years	Unsecured	AA-
Bank Al-Habib Limited (5th issue)	13,125	4,998	6-months KIBOR + 0.75%	17 March 2016	10 years	Unsecured	AA
Standard Chartered Bank Limited	6,400	5,000	6-months KIBOR + 0.75%	29 December 2012	10 years	Unsecured	AAA
Habib Bank Limited (2nd issue)	1,000	99,960	6-months KIBOR + 0.5%	19 February 2016	10 years	Unsecured	AAA

6.5 Certificate of Investment

Name of the investee company	Number of certificates			Balance as at 31 March 2017		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2016	Purchased during the period	Sales / matured during the period	As at 31 March 2017	Carrying value		
Pak Libya Holding Company (Private) Limited	-	200,000	-	200,000	200,000	200,000	4.76
Pak Oman Investment Company Ltd	-	550,000	550,000	-	-	-	-
<b>Total - 31 March 2017</b>	<b>-</b>	<b>750,000</b>	<b>550,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>4.76</b>

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

	March 31, 2017		June 30, 2016	
	2017		2016	
	(Unaudited)			
	Rupees in '000			
Market value of investments	2,503,743		3,084,603	
Less: Carrying value of investments	(2,502,083)		(3,066,253)	
	1,660		18,350	
Less: Net unrealised appreciation at the beginning of the period	9,081		68,695	
Net unrealised (diminution) during the period	(7,421)		(50,345)	

7 PROFIT RECEIVABLE

	March 31, 2017	June 30, 2016
	(Unaudited)	(Audited)
	Rupees in '000	
Profit Receivable on:		
- term finance certificates	7,690	7,633
- Pakistan investment bonds	-	39,060
- certificate of investment	2,426	-
- saving accounts	21,728	4,603
- marginal trading system	117	894
	31,961	52,190

8	<b>PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED</b>	<b>Note</b>	<b>March 31, 2017 (Unaudited)</b>	<b>June 30, 2016 (Audited)</b>
<b>- MANAGEMENT COMPANY</b>			-----Rupees in '000-----	
	On account of:			
	-management remuneration	8.1	2,248	4,029
	-Sindh Sales Tax	8.2	292	654
	-sales load		946	609
	-Allocation of expenses related to registrar services			
	'accounting, operation and valuation services	8.3	367	323
			<u>3,853</u>	<u>5,615</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 resolved to revise its remuneration at the rate from 1.25% p.a. to 10% of gross earning with a minimum of 0.5% and maximum of 1.25% of average annual net assets with effect from February 6, 2017( 30 June 2016: 1.25 percent per annum).

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	<b>PAYABLE TO THE CENTRAL DEPOSITORY</b>	<b>Note</b>	<b>March 31, 2017 (Unaudited)</b>	<b>June 30, 2016 (Audited)</b>
<b>'COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			-----Rupees in '000-----	
	Trustee remuneration		384	343
	Sindh Sales Tax on trustee remuneration	9.1	50	48
			<u>434</u>	<u>391</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	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>March 31, 2017 (Unaudited)</b>	<b>June 30, 2016 (Audited)</b>
			-----Rupees in '000-----	
	Provision for workers' welfare fund	10.1	-	28,973
	Provision for Sindh workers' welfare fund	10.1	7,194	-
	Federal Excise Duty	10.2	20,799	20,799
	Auditors' remuneration		285	471
	Legal & professional charges		426	711
	Printing charges		-	25
	Brokerage		46	138
	Settlement charges		-	4
	Zakat		-	579
	Capital gains tax		3,337	56
	MTS Charges payable		855	1,608
	Laga and Levy payable		-	190
	Withholding tax		345	874
	Others		20	16
			<u>33,307</u>	<u>54,444</u>

- 10.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Mutual Fund Association of Pakistan (MUFAP), after deliberating the position and obtaining advice from the legal counsel, decided that the provision for WWF held for the period from 1 January 2013 to 30 June 2015 should be reversed effective from 12 January 2017. Accordingly, the provision amounted to Rs. 28.973 million has been reversed on 12 January 2017. This has resulted in an increase in NAV per unit of Rs. 0.0740 on 31 March 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. 21 May 2015. Accordingly, on 12 January 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from 21 May 2015 and is being made on daily basis going forward while the efforts to exclude mutual funds from SWWF continue. The provision made for SWWF is amounted to Rs. 7.194 million. This has resulted in a decrease in NAV per unit of Rs. 0.0184 on 31 March 2017.

- 10.2 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 22.379 million out of which Rs. 1.580 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 31 March 2017 would have been higher by Rs. 0.0571 per unit (30 June 2016: Rs. 0.0558 per unit). However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

## 11 CONTINGENCIES AND COMMITMENTS

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

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended 31 March 2017 is 1.90% which include 0.47% representing government levy, Sindh Workers Welfare Fund and SECP fee.

**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 net assets of 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 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:

Transactions during the period:	Nine months period ended,		Three months period ended,	
	2017	2016	2017	2016
	------(Unaudited)-----			
<b>National Investment Trust Limited - Management Company</b>	-----Rupees in '000-----			
Issue of 56,676,415 units (2016: 87,635,428 units)	600,000	945,000	400,000	350,000
73,466,592 Units redeemed (2016: 51,223,172 units)	775,000	550,000	325,000	250,000
Sales Load	2	42	2	20
Management fee for the period	34,765	35,695	9,019	12,318
Sindh sales tax on management fee	4,520	5,797	1,173	2,001
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,079	1,360	1,019	1,021
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee for the period	3,257	3,064	1,077	1,048
CDC charges	195	12	2	5
<b>Amounts outstanding as at the end of the period</b>			<b>March 31,2017</b>	<b>June 30, 2016</b>
			<b>(Unaudited)</b>	<b>(Audited)</b>
<b>National Investment Trust Limited - Management Company</b>			-----Rupees in '000-----	
153,385,347 units held (June 30, 2016: 170,175,524 units)			1,644,030	1,752,348
Management fee payable			2,248	4,029
Sindh Sales Tax			292	654
Sales load payable			946	609
Allocation of expenses related to registrar services, accounting, operation and valuation services			367	323
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee payable			384	343
Sindh Sales Tax on Trustee Remuneration			50	48
Security Deposit			100	100
<b>National Investment Trust Limited - Provident Fund</b>				
6,796,423 units held (June 30, 2016: 6,796,423 units)			72,846	69,985
<b>National Investment Trust Limited - Pension Fund</b>				
20,733,534 units held (June 30, 2016: 20,733,534 units)			222,228	213,500
<b>Chief Operating Officer</b>				
1,286,165 units held (June 30, 2016: 1,286,165 units)			13,786	13,244
<b>Fund Manager</b>				
529 units held (June 30, 2016: 529 units)			6	5
<b>Head of MD's Secretariat and Personnel</b>				
35,229 units held (June 30, 2016: 35,229 units)			378	363

**15 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 28, 2017 by the Board of Directors of the Management Company.

**16 GENERAL**

- 16.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

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

sa/-  
Managing Director

sa/-  
Director

sa/-  
Director