

An Open-end Income Fund primarily investing in portfolio of fixed income securities; NIT-IF offers a high degree of security to investors and is an ideal Fund for investors seeking competitive stream of returns with moderate level of risk.



NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2018

		March 31, 2018	June 30, 2017
	Note	(Unaudited)	(Audited)
		-----Rupees in '000-----	
ASSETS			
Bank balances	5	3,105,519	2,683,739
Investments	6	1,836,531	1,290,226
Receivable against Marginal Trading System		344,001	-
Profit and others receivables	7	112,924	5,671
Security deposits		4,200	350
Total assets		5,403,175	3,979,986
LIABILITIES			
Payable to National Investment Trust Limited - Management Company	8	4,401	3,141
Payable to Central Depository Company of Pakistan Limited - Trustee	9	508	405
Annual fee payable to the Securities and Exchange Commission of Pakistan		2,761	3,089
Payable against redemption of units		1,856	7
Payable against MTS Investments		70,043	-
Accrued expenses and other liabilities	10	34,134	38,967
Dividend Payable		2,016	33,714
Total liabilities		115,719	79,323
NET ASSETS		5,287,456	3,900,663
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,287,456	3,900,663
CONTINGENCIES AND COMMITMENTS			
	11	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		494,347,474	378,714,128
		-----Rupees-----	
NET ASSET VALUE PER UNIT		10.6958	10.2998

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

Sd/-
Chief Financial Officer

NIT - INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

		Nine months period ended, 2018		Three months period ended, 2017	
		2018	2017	2018	2017
		----- (Unaudited) -----			
		----- Rupees in '000 -----			
INCOME					
		34,111	75,630	3,094	15,752
		28,707	23,312	13,526	7,399
		3,074	5,602	109	2,426
		-	1,156	-	-
		2,231	11,814	2,144	2,991
		166,047	77,359	64,854	32,614
		(749)	(246)	(350)	3,111
		(49)	5,745	-	181
	10.1	-	28,973	-	28,973
		233,372	229,345	83,377	93,447
EXPENSES					
		23,559	34,765	8,424	9,019
	8.1	3,063	4,520	1,096	1,173
		3,749	3,257	1,296	1,077
		487	423	168	140
		2,761	2,308	966	764
		22	195	19	2
	8.3	3,678	3,079	1,275	1,019
		320	1,671	305	437
		127	116	33	-
		227	135	84	-
		788	539	318	107
		333	-	136	-
		35	64	-	-
		101	61	80	61
		285	273	285	273
		39,535	51,406	14,485	14,072
		193,837	177,939	68,892	79,375
		-	1,639	-	8,128
	10.1	(3,877)	(7,194)	(1,379)	(7,194)
		189,960	172,384	67,513	80,309
		-	-	-	-
	12	-	-	-	-
		189,960	172,384	67,513	80,309

NIT - INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine months period ended,		Three months period ended,	
	2018	2017	2018	2017
	----- (Unaudited) -----			
Note	----- Rupees in '000 -----			

Allocation of net income for the period

Net income for the period	189,960	67,513
Income already paid on units redeemed	(11,114)	(3,123)
	<u>178,846</u>	<u>64,390</u>
Accounting income available for distribution:		
-Relating to capital gains	-	-
-Excluding capital gains	178,846	64,390
	<u>178,846</u>	<u>64,390</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)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chief Financial Officer

NIT - INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine months period ended,		Three months period ended,		
	2018	2017	2018	2017	
	------(Unaudited)-----				
Note	-----Rupees in '000-----				
Net income for the period	189,960	172,384	67,513	80,309	
Other comprehensive income					
Items to be reclassified to income statement in subsequent periods:					
Unrealised (diminution) on re-measurement of investments classified as 'available for sale'	6.7	(4,714)	(7,421)	(2,527)	(566)
Total comprehensive income for the period	185,246	164,963	64,986	79,743	

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

Sd/-
Chief Financial Officer

NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

Note	Nine months period ended							
	2018				2017			
	Value	Undistributed income	Unrealised appreciation / (diminution) 'available for sale' investments	Total	Value	Undistributed income	Unrealised appreciation / (diminution) 'available for sale' investments	Total
-----Rupees in '000-----								
Net assets at the beginning of the period	3,805,627	92,650	2,386	3,900,663	4,033,961	84,599	9,081	4,127,641
Issue of 219,543,681 units (2017: 118,936,875 units)	2,293,614	-	-	2,293,614	1,224,422	31,035	-	1,255,457
Redemption of 103,910,334 units (2017: 128,168,942 units)	(1,080,953)	(11,114)	-	(1,092,067)	(1,319,794)	(29,180)	-	(1,348,974)
Element of loss and capital losses included in prices of units issued less those in units redeemed-net;	-	-	-	-	-	(1,639)	-	(1,639)
Total comprehensive income / (loss) for the period	-	189,960	(4,714)	185,246	-	172,384	(7,421)	164,963
Net assets at the end of the period	5,018,289	271,496	(2,328)	5,287,456	3,938,589	257,199	1,660	4,197,448
Net assets at the end of the period								
Undistributed income brought forward		92,650				84,559		
-Realized income		-				-		
-Unrealized income		92,650				84,559		
Accounting income available for distribution								
-Relating to capital gains								
-Excluding capital gains		178,846				172,384		
Element of loss and capital losses included in the prices of units issued less those in units redeemed - amount representing loss that form part of unit holders' fund - net						256		
Undistributed income carried forward		271,496				257,199		
Undistributed income carried forward comprising								
-Realized income		271,496				257,199		
-Unrealized income		-				-		
		271,496				257,199		
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the period				10.2998				10.2973
Net assets value per unit at end of the period				10.6958				10.7183

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**

**Sd/-
Chief Financial Officer**

NIT - INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

	March 31,	
	2018	2017
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	189,960	172,384
Adjustments:		
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(1,639)
	189,960	170,745
(Increase) / decrease in assets		
Investments	(551,019)	(664,739)
Profit and others receivables	(107,253)	20,229
Security deposits	(3,850)	-
Receivable against Marginal Trading System	(344,001)	276,472
Receivable against Redemption/subscription of investments	-	19,965
	(1,006,123)	(348,073)
Increase / (decrease) in liabilities		
Payable to National Investment Trust Limited - Management Company	1,260	(1,762)
Payable to Central Depository Company of Pakistan Limited - Trustee	103	43
Annual fee payable to the Securities and Exchange Commission of Pakistan	(328)	(594)
Payable on redemption of units	1,849	(229)
Payable against MTS Investments	70,043	-
Accrued expenses and other liabilities	(4,833)	(21,137)
	68,094	(23,679)
Net cash (used in) operating activities	(748,069)	(201,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	2,293,614	1,255,457
Payments on redemption of units	(1,092,067)	(1,348,974)
Distribution paid	(31,698)	(6,303)
Net cash generated from / (used in) financing activities	1,169,849	(99,820)
Net increase in cash and cash equivalents during the period	421,780	(300,827)
Cash and cash equivalents at the beginning of the period	2,683,739	1,994,036
Cash and cash equivalents at the end of the period	3,105,518	1,693,209

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

Sd/-
Chief Financial Officer

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

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 Act, 2017, 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 2017.

3 Significant Accounting Policies

- 3.1 The accounting policies adopted for the preparation of this 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 June 30, 2017 except for the changes in accounting policies as explained in notes 3.2.
- 3.2 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 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.

SECP 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

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

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" and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed in Statement of movements in reserves or unit holders' fund.

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 07 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. 10.3383 million.

4 Use of Judgments, Estimates and Risk Management

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 judgments 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 2017.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

5 BANK BALANCES

These represent balances with banks in savings accounts carrying rates ranging from 3.75% to 6.50% per annum (30 June 2017: 2.00% to 6.50% per annum)

6 INVESTMENTS

Available for sale

Government securities:

-Market Treasury Bills

Term finance certificates - listed

Term finance certificates - unlisted

Sukuk - Listed

Sukuk - Unlisted

Certificates of investment

Note	March 31, 2018 (Unaudited)	June 30, 2017 (Audited)
-----Rupees in '000-----		
6.1	696,440	946,901
6.2	250,912	106,483
6.3	525,283	219,547
6.4	139,947	17,295
6.5	23,949	-
	200,000	-
	<u>1,836,531</u>	<u>1,290,226</u>

6.1 Market Treasury Bills

Issue date	Tenor	Face value				Balance as at 31 March 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2017	Purchased during the period	Sales / matured during the period	As at 31 March 2018	Carrying value	Market value		
----- (Rupees in '000) ----- (%) -----									
Market Treasury Bills									
April 27, 2017	3 Months	500,000	-	500,000	-	-	-	-	-
August 17, 2017	3 Months	-	2,000,000	2,000,000	-	-	-	-	-
November 9, 2017	3 Months	-	750,000	750,000	-	-	-	-	-
November 23, 2017	3 Months	-	1,550,000	1,550,000	-	-	-	-	-
February 1, 2018	3 Months	-	500,000	-	500,000	497,882	497,806	9.41	27.11
February 15, 2018	3 Months	-	200,000	-	200,000	198,691	198,634	3.76	10.82

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

Issue date	Tenor	Face value				Balance as at 31 March 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2017	Purchased during the period	Sales / matured during the period	As at 31 March 2018	Carrying value	Market value		
July 21, 2016	12 Months	450,000	-	450,000	-	-	-	-	
Total - 31 March 2018		950,000	5,000,000	5,250,000	700,000	696,573	696,440	13.17	37.93

Treasury bill with a market value of Rs. 49.781 million (30 June 2017: nil) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing 'settlement of the fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the securities and Exchange Commission of Pakistan.

6.2 Term finance certificates - listed

Name of the investee company	Number of certificates				Balance as at 31 March 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2017	Purchased during the period	Sales / matured during the period	As at 31 March 2018	Carrying value	Market value		
----- (Rupees in '000) -----								
Commercial banks								
Faysal Bank Limited	5,000	-	5,000	-	-	-	-	-
Summit Bank Limited	20,000	-	-	20,000	99,724	100,393	1.90	5.47
MCB Bank Limited	-	30,000	-	30,000	151,108	150,519	2.85	8.20
Total - 31 March 2018	25,000	30,000	5,000	50,000	250,832	250,912	4.75	13.67

6.3 Term finance certificates - unlisted

Name of the investee company	Number of certificates				Balance as at 31 March 2018		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2017	Purchased during the period	Sales / matured during the period	As at 31 March 2018	Carrying value	Market value		
----- (Rupees in '000) -----								
Commercial banks								
Bank Al-Falah Limited TFC-5	-	40,003	-	40,003	202,266	201,014	3.80	10.95
Bank Al-Falah Limited (Fixed)	7,000	-	7,000	-	-	-	-	-
Bank Al-Falah Limited (Floating)	5,250	-	5,250	-	-	-	-	-
Standard Chartered Bank Limited (Floating)	6,400	3,600	10,000	-	-	-	-	-
Habib Bank Limited	1,000	250	-	1,250	124,852	123,901	2.34	6.75
Bank Al-Habib Limited(5th issue)	13,125	15,000	-	28,125	140,816	140,513	2.66	7.65
JS Bank Limited	-	12,000	-	12,000	59,992	59,855	1.13	3.26
Total - 31 March 2018	32,775	70,853	22,250	81,378	527,926	525,283	9.93	28.61

6.4 Sukuks - Listed

Fatima Fertilizer Company Limited	3,678	-	-	3,678	125,000	125,000	2.36	6.81
Dawood Hercules Corporation Ltd	-	1,250	-	1,250	14,712	14,947	0.28	0.81
Total - 31 March 2018	3,678	1,250	-	4,928	139,712	139,947	2.64	7.62

6.5 Sukuks - unlisted

Ghani Gasses Limited	-	285	-	285	23,818	23,949	0.45	1.30
Total - 31 March 2018	-	285	-	285	23,818	23,949	0.45	1.30

6.6 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
Listed term finance certificates							
Summit Bank Limited	20,000	4,986	6-months KIBOR + 3.25%	27 October 2011	7 years	Unsecured	A-
MCB Bank Limited	30,000	4,993	6-months KIBOR + 1.15%	19 June 2014	8 years	Unsecured	AAA
Unlisted term finance certificates							
Bank Al-Falah Limited TFC-5	40,003	4,990	6-months KIBOR + 1.25%	20 February 2013	8 years	Unsecured	AA

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

Name of security	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / (Unsecured)	Rating
Habib Bank Limited	1,250	99,920	6-months KIBOR + 0.5%	19 February 2016	10 years	Unsecured	AAA
Bank Al-Habib Limited (5th issue)	28,125	4,996	6-months KIBOR + 0.75%	17 March 2016	10 years	Unsecured	AA
JS Bank Limited	12,000	4,998	6-months KIBOR + 1.40%	14 December 2016	7 years	Unsecured	A+
Listed Sukuk							
Fatima Fertilizer Company Limited	3,678	4,000	6-months KIBOR + 1.10%	28 November 2017	5 years	Secured	AA-
Dawood Hercules Corporation Ltd	1,250	100,000	3-months KIBOR + 1.00%	01 March 2018	5 years	Secured	AA
Unlisted Sukuk							
Ghani Gasses Limited	285	83,333	3-months KIBOR + 1.00%	02 February 2017	6 years	Unsecured	A

6.7	Net unrealised diminution on re-measurement of investments classified as 'available for sale'	Note -----March 31-----	
		2018	2017
		------(Unaudited)-----	
		-----Rupees in '000-----	
	Market value of investments	1,836,531	2,503,743
	Less: Carrying value of investments	(1,838,859)	(2,502,083)
		<u>(2,328)</u>	<u>1,660</u>
	Less: Net unrealised appreciation at beginning of the period	2,386	9,081
		<u>(4,714)</u>	<u>(7,421)</u>

7	PROFIT AND OTHER RECEIVABLES	March 31, 2018	June 30, 2017
	Profit receivable on	(Unaudited)	(Audited)
		-----Rupees in '000-----	
	- term finance certificates	13,007	5,671
	- certificate of investment	108	-
	- saving accounts	19,561	-
	- marginal trading system	757	-
	- Advance Taxation	79,491	-
		<u>112,924</u>	<u>5,671</u>

8	PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY	March 31, 2018	June 30, 2017
	On account of:	(Unaudited)	(Audited)
		-----Rupees in '000-----	
	-Management remuneration	8.1 3,110	2,079
	-Sindh Sales Tax	8.2 404	270
	-sales load	452	452
	-Allocation of expenses related to registrar services 'accounting, operation and valuation services	8.3 435	340
		<u>4,401</u>	<u>3,141</u>

8.1 The Management Company has its remuneration at the rate of 10% of gross earnings of the Fund subject to upper cap of 1.25% and lower cap of 0.5% of the average annual net assets of the Fund. (Before 6 Feb 2017; 1.25% per annum; from 6 Feb 2017 to 30 June 2017; 10% of gross earnings of the Fund subject to upper cap of 1.25% and lower cap of 0.5% of the average annual net assets of the Fund).

8.2 During the period, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on the management remuneration.

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

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	March 31, 2018	June 30, 2017
			(Unaudited)	(Audited)
			-----Rupees in '000-----	
	Trustee remuneration		450	358
	Sindh Sales Tax on trustee remuneration	9.1	58	47
			<u>508</u>	<u>405</u>

9.1 During the period, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on trustee remuneration.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	March 31, 2018	June 30, 2017
			(Unaudited)	(Audited)
			-----Rupees in '000-----	
	Provision for Sindh workers' welfare fund	10.1	11,727	7,851
	Federal Excise Duty	10.2	20,799	20,799
	Auditors' remuneration		475	433
	Legal & professional charges		136	91
	Printing charges		16	28
	Brokerage		186	55
	Zakat		-	4,285
	Capital gains tax		90	290
	MTS Charges payable		395	193
	Withholding tax		25	4,922
	Mutual Fund Rating Fee		285	-
	Others		-	20
			<u>34,134</u>	<u>38,967</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.

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 as on 31 March 2018 is amounted to Rs. 11.727 million. This has resulted in a decrease in NAV per unit of Rs. 0.0238.

10.2 The status of Federal Excise Duty (FED) is same as disclosed in annual financial statements for the year ended 30 June 2017. 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 on management fee aggregating to Rs. 22.379 million out of which Rs. 1.580 million have been paid to the management company (30 June 2017: 22.379 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0453 (30 June 2017: Rs. 0.0591) per unit.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2018.

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 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 2018 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 (all the expenses, including government levies, incurred during the period divided by average net asset value for the period) is 1.18% per annum. Total expense ratio (excluding government levies) is 0.90 % per annum.

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,	
	2018	2017	2018	2017
	(Unaudited)			
	-----Rupees in '000-----			
National Investment Trust Limited - Management Company				
Issue of 23,790,265 units (2017: 56,676,415 units)	250,000	600,000	-	400,000
9,561,966 Units redeemed (2017: 73,466,592 units)	100,000	775,000	-	325,000
Sales Load	-	2	-	2
Management fee for the period	23,559	34,765	8,424	9,019
Sindh sales tax on management fee	3,063	4,520	1,096	1,173
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,678	3,079	1,275	1,019
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee for the period	3,749	3,257	1,296	1,077
CDC charges	22	195	19	2
Head of MD's Secretariat				
36,924 units redeemed (2017: Nil)	389	-	389	-

NIT - INCOME FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE NINE AND THREE MONTHS PERIOD ENDED MARCH 31, 2018

Amounts outstanding as at the end of the period/year	March 31, 2018 (Unaudited)	June 30, 2017 (Audited)
	-----Rupees in '000-----	
National Investment Trust Limited - Management Company		
173,763,192 units held (June 30, 2017: 159,534,893 units)	1,858,536	1,643,177
Management fee payable	3,110	2,079
Sindh Sales Tax	404	270
Sales load payable	452	452
Allocation of expenses related to registrar services, accounting, operation and valuation services	435	340
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee Payable	450	358
Sindh Sales Tax on Trustee Remuneration	68	47
Security Deposit	100	100
National Investment Trust Limited - Provident Fund		
7,068,906 units held (June 30, 2017: 7,068,906 units)	75,608	72,808
National Investment Trust Limited - Pension Fund		
22,212,189 units held (June 30, 2017: 21,212,189 units)	237,577	218,481
Chief Operating Officer / MD		
1,493,459 units held (June 30, 2017: 1,493,459 units)	15,974	15,382
Fund Manager		
529 units held (June 30, 2017: 529 units)	6	5
Head of MD's Secretariat		
Units held: Nil (June 30, 2017: 36,923 units)	-	380

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 24, 2018 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)**

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chief Financial Officer