



**NIT - GOVERNMENT BOND FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

Note	Nine-months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	-----Rupees in '000-----			
<b>INCOME</b>				
Income from government securities	477,899	290,494	171,875	96,075
Profit on bank deposits	55,333	9,963	37,167	3,358
Income from reverse repurchase transactions	54	366	-	-
Capital gain on sale of investments	32,501	2,345	18,094	156
<b>Total income</b>	<b>565,787</b>	<b>303,168</b>	<b>227,136</b>	<b>99,589</b>
<b>EXPENSES</b>				
Remuneration of National Investment Trust Limited - Management Company	62,074	40,629	25,375	12,898
Sindh Sales Tax on remuneration to Management Company	10,801	7,590	4,415	2,365
Federal Excise Duty on remuneration to Management Company	9,932	6,954	4,060	2,039
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,288	3,007	1,708	959
Annual fee - Securities and Exchange Commission of Pakistan	3,722	2,437	1,522	773
Amortisation of preliminary expenses and floatation costs	300	556	9	180
Securities transaction costs	12	126	12	32
Auditors' remuneration	464	231	30	27
Settlement and bank charges	439	211	136	54
Listing fee	120	120	-	-
Printing charges	293	75	25	25
Rating Fee	-	182	-	182
<b>Total expenses</b>	<b>92,445</b>	<b>62,118</b>	<b>37,292</b>	<b>19,534</b>
<b>Net income from operating activities</b>	<b>473,342</b>	<b>241,050</b>	<b>189,844</b>	<b>80,055</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	98,873	(13,742)	16,384	(3,496)
Provision for Workers' Welfare Fund	10.1 (11,441)	(4,546)	(4,120)	(1,531)
<b>Net income for the period before taxation</b>	<b>560,774</b>	<b>222,762</b>	<b>202,108</b>	<b>75,028</b>
Taxation	12 -	-	-	-
<b>Net income for the period after taxation</b>	<b>560,774</b>	<b>222,762</b>	<b>202,108</b>	<b>75,028</b>
<b>Earning per unit-basic and diluted</b>	Rupees 13 <b>0.9081</b>	<b>0.5313</b>	<b>0.2731</b>	<b>0.1885</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 - GOVERNMENT BOND FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

Note	Nine-months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	-----Rupees in '000-----			
Net income for the period after taxation	560,774	222,762	202,108	75,028
<b>Other comprehensive income</b>				
Net unrealised appreciation / (diminution) in the fair value of investments classified as 'available for sale'	7.3 288,823	2,471	106,223	19,117
<b>Total comprehensive income for the period</b>	<b>849,597</b>	<b>225,233</b>	<b>308,331</b>	<b>94,145</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 - GOVERNMENT BOND FUND**  
**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	Nine-months ended March 31,	
	2015	2014
	-----Rupees in '000-----	
Undistributed income at the beginning of the period- realised	46,141	412,981
Final distribution for the year ended June 30, 2014: Nil (2013: Rs 0.8803 per unit)		
- Cash distribution	-	(39,043)
- Units under cumulative investment plan	-	(435)
- Bonus units	-	(345,611)
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount representing income/(loss) that form part of unit holders' Fund-net	32,163	1,929
Net income for the period	560,774	222,762
Undistributed income carried forward- realised	<u>639,078</u>	<u>252,583</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

**NIT - GOVERNMENT BOND FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT**  
**IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	Nine-months ended March 31,	
	2015	2014
	-----Rupees in '000-----	
<b>Net assets at the beginning of the period</b>	4,166,375	4,796,053
Issue of 545,652,029 units (2014: 122,654,221 units)	5,785,650	1,263,898
Redemption of 207,837,165 units (2014: 199,950,675 units)	(2,241,400)	(2,055,201)
	3,544,250	(791,303)
Issue of Nil units (2014: 34,275,592 units) as bonus units	-	345,611
Issue of Nil units (2014: 43,107 units) under Cumulative Investment Plan	-	435
	<u>7,710,625</u>	<u>4,350,796</u>
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 income statement	(98,873)	13,742
Net unrealised appreciation in the fair value of investments classified as 'available for sale'	288,823	2,471
Capital gain on sale of investments	32,501	2,345
Other net income for the period	528,273	220,417
<b>Total comprehensive income for the year</b>	849,597	225,233
Final distribution for the year ended June 30, 2014: Nil (2013: Rs 0.8803 per unit)		
- Cash distribution	-	(39,043)
- Units under cumulative investment plan	-	(435)
- Bonus units	-	(345,611)
<b>Net assets at the end of the period</b>	<u>8,461,349</u>	<u>4,204,682</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

**NIT - GOVERNMENT BOND FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	Nine-months ended March 31,	
	2015	2014
	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	560,774	222,762
<b>Adjustments:</b>		
Amortisation of preliminary expenses and floatation costs	300	556
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(98,873)	13,742
	462,200	237,060
<b>(Increase) / decrease in assets</b>		
Investments	(3,993,510)	631,229
Accrued income	(37,586)	(20,440)
Advances, deposits, prepayments and other receivables	-	(2,694)
Receivable Against Sale Of Units	-	(3,994)
	(4,031,096)	604,101
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	772	(646)
Payable to Central Depository Company of Pakistan Limited - Trustee	255	(30)
Payable to Securities and Exchange Commission of Pakistan	492	(654)
Payable against redemption of units	(152)	(1,018)
Accrued expenses and other liabilities	(5,943)	8,693
	(4,576)	6,345
<b>Net cash (used in) / generated from operating activities</b>	(3,573,472)	847,506
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	5,785,650	1,263,898
Payments on redemption of units	(2,241,400)	(2,055,201)
Dividend paid	-	(39,043)
<b>Net cash generated from / (used in) financing activities</b>	3,544,250	(830,346)
<b>Net increase in cash and cash equivalents during the period</b>	(29,222)	17,160
Cash and cash equivalents at the beginning of the period	126,421	20,909
<b>Cash and cash equivalents at the end of the period</b>	97,199	38,069

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 - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

**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.
- 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. 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 16 November 2009 to 18 November 2009 (both days inclusive)
- 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**

This condensed interim financial information of the company for the nine months period ended March 31, 2015 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 Regulations) Rules, 2003 (The NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

**2.2** 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 financial statements of the Fund as at and for the year ended 30 June 2014.

**2.3** This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

**2.4 Functional and presentation currency**

This condensed interim financial information is 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 of rupees except otherwise stated.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2014.

**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.

**NIT - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UNAUDITED)**

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

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 financial statements as at and for the year ended 30 June 2014.

**5 FINANCIAL RISK MANAGEMENT**

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2014.

**6 BANK BALANCES**

In current accounts  
 In saving accounts

Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
-----Rupees in '000-----		
	44	44
6.1	97,155	126,377
	<u>97,199</u>	<u>126,421</u>

6.1 These accounts carry rates ranging from 7% to 10.25% per annum ( 30 June 2014: 7% to 9.6% p.a.).

**7 INVESTMENTS**

**Available for sale**

Government securities:  
 - Market Treasury Bills  
 - Pakistan Investment Bonds

Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
-----Rupees in '000-----		
7.1	1,745,793	2,022,071
7.2	6,538,983	1,980,372
	<u>8,284,776</u>	<u>4,002,443</u>

**7.1 Investment in government securities - Available for sale**

Issue date	Tenor	Face value				Balance as at 31 March 2015		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2014	Purchases during the period	Sales / matured during the period	As at 31 March 2015	Carrying value	Market value		
-----Rupees in '000-----									
----- (%) -----									
<b>Market Treasury Bills</b>									
July 12, 2013	12 Months	75,000		75,000	-	-	-	-	-
March 20, 2014	12 Months		225,000	225,000	-	-	-	-	-
January 22, 2015	12 Months		250,000		250,000	235,010	234,863	2.78	2.83
March 5, 2015	12 Months		187,500		187,500	174,706	174,654	2.06	2.11
March 19, 2015	12 Months		250,000		250,000	232,667	232,216	2.74	2.80
March 20, 2014	6 Months	550,000	100,000	650,000	-	-	-	-	-
April 17, 2014	6 Months	-	520,000	520,000	-	-	-	-	-
May 2, 2014	6 Months	200,000		200,000	-	-	-	-	-
May 15, 2014	6 Months	350,000	250,000	600,000	-	-	-	-	-
June 12, 2014	6 Months	300,000		300,000	-	-	-	-	-
October 30, 2014	6 Months		200,000		200,000	198,707	198,672	2.35	2.40
November 27, 2014	6 Months		200,000		200,000	197,497	197,458	2.33	2.38
March 5, 2015	6 Months		187,500		187,500	181,288	181,319	2.14	2.19
March 19, 2015	6 Months		150,000		150,000	144,793	144,633	1.71	1.75
May 15, 2014	3 months	200,000		200,000	-	-	-	-	-
June 12, 2014	3 months	400,000		400,000	-	-	-	-	-
July 10, 2014	3 months		470,000	470,000	-	-	-	-	-
July 24, 2014	3 months		485,000	485,000	-	-	-	-	-
August 7, 2014	3 months		140,000	140,000	-	-	-	-	-
August 21, 2014	3 months		200,000	200,000	-	-	-	-	-
September 4, 2014	3 months		455,000	455,000	-	-	-	-	-
September 18, 2014	3 months		100,000	100,000	-	-	-	-	-
October 16, 2014	3 months		800,000	800,000	-	-	-	-	-
October 30, 2014	3 months		1,000,000	1,000,000	-	-	-	-	-
November 13, 2014	3 months		605,000	605,000	-	-	-	-	-
March 5, 2015	3 months		187,500		187,500	185,146	185,117	2.19	2.23
March 19, 2015	3 months		200,000		200,000	196,933	196,861	2.33	2.38
<b>Total - 31 March 2015</b>		<b>2,075,000</b>	<b>7,162,500</b>	<b>7,425,000</b>	<b>1,812,500</b>	<b>1,746,748</b>	<b>1,745,793</b>	<b>20.63</b>	<b>21.07</b>

**NIT - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UNAUDITED)**

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

**7.2 Pakistan Investment Bonds**

July 19, 2012	10 years	320,000	325,000	150,000	495,000	529,573	567,985	6.71	6.86
July 17, 2014	10 years	-	500,000	50,000	450,000	516,064	521,881	6.17	6.30
July 18, 2013	5 years	175,000	50,000	175,000	50,000	51,421	54,556	0.64	0.66
July 17, 2014	5 years	-	722,500	-	722,500	742,670	797,827	9.43	9.63
March 26, 2015	5 years	-	200,000	-	200,000	204,972	205,023	2.42	2.47
July 18, 2013	3 years	1,475,000	2,980,000	750,000	3,705,000	3,685,378	3,851,303	45.52	46.49
July 17, 2014	3 years	-	757,500	250,000	507,500	520,380	540,408	6.39	6.52
July 19, 2012	3 years	50,000	-	50,000	-	-	-	-	-
<b>Total - 31 March 2015</b>		<b>2,020,000</b>	<b>5,535,000</b>	<b>1,425,000</b>	<b>6,130,000</b>	<b>6,250,458</b>	<b>6,538,983</b>	<b>77.28</b>	<b>78.93</b>

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

Market value of investments  
 Less: carrying value of investments

Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
-----Rupees in '000-----		
	8,284,776	4,164,051
	(7,997,206)	(4,153,006)
	287,570	11,045
	(1,253)	8,574
	<u>288,823</u>	<u>2,471</u>

Less: net unrealised diminution at the beginning of the year

**8 PROFIT RECEIVABLES**

Profit on deposit accounts  
 Mark-up on fixed income securities

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
-----Rupees in '000-----		
	7,592	2,651
	151,531	118,886
	<u>159,123</u>	<u>121,537</u>

**9 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY**

On account of:  
 - Management remuneration  
 - Sindh Sales Tax  
 - Preliminary Expenses and Floatation Costs  
 - Sales load

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
-----Rupees in '000-----		
	8,815	4,591
	1,534	852
	-	3,835
	23	322
	<u>10,372</u>	<u>9,600</u>

**10 ACCRUED EXPENSES AND OTHER LIABILITIES**

Provision for Workers' Welfare Fund  
 Federal Excise Duty  
 Capital gain tax  
 Auditors' remuneration  
 Legal and Professional Charges  
 Printing charges  
 Settlement charges  
 Brokerage  
 Dividend  
 Others

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
-----Rupees in '000-----		
10.1	42,483	31,042
10.2	17,003	7,070
	4,911	129
	260	397
	26	92
	150	25
	20	15
	183	65
	84	32,071
	36	184
	<u>65,156</u>	<u>71,090</u>

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



**NIT - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UNAUDITED)**

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

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

During the year ended June 30, 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 42.483 million (including Rs. 11.441 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs 0.05 per unit.

**10.2** As per 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 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 matter has been taken up collectively by the mutual Fund Association of Pakistan where various options are being considered. The High court of Sindh in its order dated 09 September 2013 granted stay to the various funds for the recovery of FED. As a matter of abundant caution, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 17.003 million. Had the provision not been made, the net assets value (NAV) per unit of the Fund as at 31 March 2015 would have been higher by Rs. 0.0227 per unit.

**11 CONTINGENCY**

NIT - Government Bond Fund has received a show cause notice dated 23 December 2013 whereby Federal Board of Revenue considers that the tax return filed for the tax year 2011 (deemed assessment order) is erroneous and prejudicial to the interest of revenue as a result of reasons detailed in the notice and have asked the Fund to provide them with the required information. The issue of notice is in line with various notices issued to several other mutual funds and on the same grounds orders has been passed for certain mutual funds. The tax department considers that distribution of bonus shares should not be included in calculation of distribution of 90% of declared profit required to claim exemption from income tax. The reasons cited for this view are that tax has not been deducted on bonus units and the bonus issue is only exempt from tax where it results in increase in capital.

The tax advisor of the NIT-GBF submitted the basis of consideration of bonus units as distribution. However, Additional Commissioner Revenue through the notice no. ACIR/AUDIT RANGE/ ZONE -I/RTO/KHI/2014/331 did not accept the basis and states that the distribution of profit by the Fund to its unit holders does not include issuance of bonus units. Consequently, the Fund failed to distribute ninety percent of its income for the tax year 2011, therefore falling outside the ambit of clause (99) of Part I of Second Schedule to the Income Tax Ordinance, 2001.

However, the Fund has submitted its reply in respect of above stated notice on the grounds that as clause (99) of Part I of Second Schedule to the Income Tax Ordinance, 2001 which provides for tax exemption in respect of mutual funds does not specifically provides any mode of distribution of profit nor places any restriction on distribution by way of bonus units, whereas under clause (100) which provides for tax exemption for Modarabas it has been specifically specified that distribution by way of bonus shares would not be considered as distribution in calculation of 90% distribution to claim exemption from tax, the Fund has consistently made distributions by way of issue of bonus units. This practice is also consistent with mutual fund industry.

Finance Act 2014, effective from 1 July 2014, seems to have confirmed the position taken by the mutual fund industry as it now includes a specific proviso in clause (99) similar to clause (100) where it has been specified that issue of bonus units would not be considered for calculating 90% distribution required to claim exemption from tax.

Several asset management companies on behalf of the mutual funds have filed a petition in the Sindh High Court against the demands raised in this respect and have obtained a stay order against the payment of tax demand. The Commissioner (Appeals) in case of certain mutual funds has annulled the order passed u/s 122(1) of the Income Tax Ordinance and has given decision in favor of the Funds on the same ground.

In view of above and based on the advice from its tax advisor, the management considers that if any orders are passed by the department those would be incorrect and based on erroneous understanding of the law. These would be annulled at appellate forums and the Fund would not be liable to such taxes. Accordingly, no provision in this respect has been made in these financial statements.

**NIT - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UNAUDITED)**

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015

**12 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 amongst the unit holders. The Fund has not recorded provision for taxation as the management company intends to distribute at least ninety percent of the Fund's accounting income, if any, for the current year as reduced by capital gains, whether realised or unrealised, to its unit holders.

**13 EARNINGS PER UNIT - BASIC AND DILUTED**

Net income after taxation

------(Unaudited)-----			
Nine months ended March 31,		Quarter ended March 31,	
2015	2014	2015	2014
-----Rupees in '000-----			
560,774	222,762	202,108	75,028
Number of units			
617,513,518	419,256,685	740,085,541	397,999,634
-----Rupees per unit-----			
0.9081	0.5313	0.2731	0.1885

Weighted average number of units outstanding

Earnings per unit

**14 TRANSACTIONS WITH CONNECTED PERSONS**

**14.1** Connected persons include National Investment Trust Limited, other collective investment schemes managed by the Management Company and directors and officers of the Management Company and the Trustee.

**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 is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

**14.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

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

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
------(Unaudited)-----				
-----Rupees in '000-----				
<b>National Investment Trust Limited - Management Company</b>				
Issue of 299,322,467 units (2014: 28,563,761 units)	3,136,000	300,000	225,000	300,000
Issue of bonus units: Nil (2013: 4,551,223 units)	-	45,891	-	-
Units redeemed 147,936,672 (2013: Nil)	1,599,398	-	430,000	-
Sales Load	37	23	18	12
Remuneration of the Management Company	62,074	40,629	25,375	12,898
Sindh Sales Tax on Management remuneration	10,801	7,590	4,415	2,365
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee for the period	4,288	3,007	1,708	959
<b>Directors</b>				
796,658 Units issued (2014: Nil)	9,000	-	-	-
<b>Chief Operating Officer</b>				
88,474 Units issued (2014: Nil)	1,000	-	1,000	-

**NIT - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2015**

14.6 Amounts outstanding as at period end:	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	-----Rupees in '000-----	
<b>National Investment Trust Limited - Management Company</b>		
Units held 287,922,241 (June 30, 2014: 136,496,446 units)	3,133,339	1,379,146
Management fee payable	8,815	4,591
Sindh Sales Tax payable	1,534	852
Preliminary expenses and floatation cost payable	-	3,835
Sales Load payable	23	322
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	598	343
Security Deposit	100	100
<b>National Investment Trust Limited - Provident Fund</b>		
6,519,713 units held (June 30, 2014: 6,519,713 units)	73,538	65,875
<b>National Investment Trust Limited - Pension Fund</b>		
14,574,397 units held (June 30, 2014: 14,574,397 units)	164,389	147,258
<b>National Investment Trust Limited - Employees Benevolent Fund</b>		
2,150,233 units held (June 30, 2014: 2,150,233 units)	24,253	21,726
<b>Directors</b>		
796,658 Units held (June 30, 2014: Nil)	8,986	-
<b>Chief Operating Officer</b>		
849,617 units held (June 30, 2014: 761,144 units)	9,583	7,691
<b>Fund Manager</b>		
538 units held (June 30, 2014: 538 units)	6	5
<b>Head of MD's Secretariat and Personnel</b>		
49,577 units held (June 30, 2014: 49,577 units)	559	501

**15 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **April 16, 2015** 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)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director