

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.



## CORPORATE INFORMATION

### **FUND NAME**

NIT - Income Fund

### **NAME OF AUDITORS**

KPMG Taseer Hadi & Co. Chartered Accountants

### **LIST OF BANKERS**

Allied Bank Limited

Bank Al Habib Limited

NIB Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Summit Bank Limited (Formerly Arif Habib Bank Limited)

Soneri Bank Limited

Bank Al Falah Limited

Habib Bank Limited

**NIT - INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
AS AT SEPTEMBER 30, 2014

	September 30, 2014	June 30, 2014
Note	(Unaudited)	(Audited)
	-----Rupees in '000-----	
<b>ASSETS</b>		
Bank balances	168,929	235,042
Investments	3,132,955	2,959,584
Receivable against Marginal Trading System	-	81,185
Profit Receivable	58,790	82,278
Security deposit	350	350
Preliminary expenses and floatation costs	336	554
<b>Total assets</b>	<b>3,361,360</b>	<b>3,358,993</b>
<b>LIABILITIES</b>		
Payable to National Investment Trust Limited - Management Company	8,966	9,176
Payable to Central Depository Company of Pakistan Limited - Trustee	300	310
Annual fee payable to the Securities and Exchange Commission of Pakistan	621	2,555
Payable against redemption of units	79	79
Accrued expenses and other liabilities	33,252	61,269
<b>Total liabilities</b>	<b>43,218</b>	<b>73,389</b>
<b>NET ASSETS</b>	<b>3,318,142</b>	<b>3,285,604</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>3,318,142</b>	<b>3,285,604</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
7	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>316,906,469</b>	<b>321,581,340</b>
	-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>	<b>10.4704</b>	<b>10.2170</b>

The annexed notes from 1 to 12 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**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	September 30, 2014	September 30, 2013
Note	(Unaudited)	(Unaudited)
	-----Rupees in '000-----	
<b>INCOME</b>		
Income from government securities	69,478	65,042
Profit on bank balances	1,975	2,945
Income from Term Finance Certificates	10,784	17,083
Income from Certificates of Investment	6,185	854
Income from letters of placement	-	678
Income from Marginal Trading System	1,988	-
Amortisation of premium/Discount on Term Finance Certificates - net	1,861	971
Capital gain on sale of investments	(1,478)	2,518
<b>Total income</b>	<b>90,793</b>	<b>90,091</b>
<b>EXPENSES</b>		
Remuneration of National Investment Trust Limited - Management Company	10,354	11,170
Sindh sales tax on Management Company's remuneration	1,802	2,132
Federal excise duty on Management Company's remuneration	1,657	2,153
Remuneration of Central Depository Company of Pakistan Limited - Trustee	919	974
Annual fee - Securities and Exchange Commission of Pakistan	621	670
Provisioning on non -performing TFC	9,895	-
Custodian charges of Central Depository Company of Pakistan Limited	-	2
Laga and Levy Charges	156	-
Amortisation of preliminary expenses and floatation costs	218	218
Settlement and bank charges	55	87
Securities transaction costs	80	45
Listing fee	80	120
Auditors' remuneration	87	200
Printing charges	125	25
<b>Total expenses</b>	<b>26,049</b>	<b>17,796</b>
<b>Net income from operating activities</b>	<b>64,744</b>	<b>72,295</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(421)	(4,012)

**NIT - INCOME FUND**  
**CONDENSED INTERIM INCOME STATEMENT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Note	-----September 30-----	
		2014	2013
		-----Rupees in '000-----	
Provision for contribution to Workers' Welfare Fund	6.1	(1,286)	(1,366)
<b>Net income for the period before taxation</b>		<u>63,037</u>	<u>66,917</u>
Taxation	8	-	-
<b>Net income for the period after taxation</b>		<u>63,037</u>	<u>66,917</u>
<b>Earnings per unit (in Rupees)</b>	9	<u>0.1983</u>	<u>0.1945</u>

The annexed notes from 1 to 12 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**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Note	-----September 30-----	
		2014	2013
		-----Rupees in '000-----	
Net income for the period after taxation		63,037	66,917
<b>Other comprehensive income</b>			
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	3.6	17,012	(15,472)
<b>Total comprehensive income for the period</b>		<u>80,049</u>	<u>51,445</u>

The annexed notes from 1 to 12 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**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	-----September 30-----	
	2014	2013
	----- (Unaudited) -----	
	-----Rupees in '000-----	
<b>Undistributed income brought forward- realized</b>	66,534	399,089
Final distribution for the year ended June 30, 2014: Nil (2013: Rs 1.0590 per unit)		
- Cash Distribution	-	(57,531)
- Units under CIP	-	(2,399)
- Bonus Units	-	(285,777)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	228	878
Net income for the period after taxation	63,037	66,917
<b>Undistributed income carried forward-realized</b>	<u>129,799</u>	<u>121,177</u>

The annexed notes from 1 to 12 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 MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	-----September 30-----	
	2014	2013
	----- (Unaudited) -----	
	-----Rupees in '000-----	
<b>Net assets at the beginning of the period</b>	3,285,604	3,680,444
Issue of 9,251,726 units (2013: 30,645,363 units)	95,961	314,780
Redemption of 13,926,597 units (2013: 59,907,866 units)	(143,893)	(616,839)
	(47,932)	(302,059)
Issue of Nil units (2013: 27,975,380 units) as bonus units	-	285,777
Issue of Nil units (2013: 234,802 units) under Cumulative Investment	-	2,399
	<u>3,237,672</u>	<u>3,666,561</u>
Element of income and capital gains included in prices of units issued less those in units redeemed - net - amount representing loss transferred to income statement	421	4,012
Net unrealised (diminution)/appreciation on remeasurement of investments classified as 'available for sale' - net	17,012	(15,472)
Capital gain on sale of investments	(1,478)	2,518
Other net income for the period	64,515	64,399
<b>Total comprehensive income for the period</b>	<u>80,049</u>	<u>51,445</u>
Final distribution for the year ended June 30, 2014: Nil (2013: Rs 1.0590 per unit)		
- Cash Distribution	-	(57,531)
- Units under CIP	-	(2,399)
- Bonus Units	-	(285,777)
<b>Net assets at the end of the period</b>	<u>3,318,142</u>	<u>3,376,311</u>

The annexed notes from 1 to 12 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**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	-----September 30-----	
	2014	2013
	------(Unaudited)-----	
	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	63,037	66,917
<b>Adjustments:</b>		
Amortisation of preliminary expenses and floatation costs	218	218
Element of income and capital gains included in prices of units issued less those in units redeemed - net	421	4,012
	<u>63,676</u>	<u>71,147</u>
<b>(Increase) / decrease in assets</b>		
Investments	(156,359)	263,191
Profit Receivable	23,488	(8,008)
Receivable against Marginal Trading System	81,185	-
	<u>(51,686)</u>	<u>255,183</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	(210)	364
Payable to Central Depository Company of Pakistan Limited - Trustee	(10)	309
Annual fee payable to the Securities and Exchange Commission of Pakistan	(1,934)	(1,745)
Payable on redemption of units	-	(19,960)
Accrued expenses and other liabilities	(28,017)	20,856
	<u>(30,171)</u>	<u>(176)</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(18,181)</u>	<u>326,154</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	95,961	314,780
Distribution paid	-	(57,531)
Payments on redemption of units	(143,893)	(616,839)
<b>Net cash generated from / (used in) financing activities</b>	<u>(47,932)</u>	<u>(359,590)</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>(66,113)</u>	<u>(33,436)</u>
Cash and cash equivalents at the beginning of the period	235,042	86,598
<b>Cash and cash equivalents at the end of the period</b>	<u>168,929</u>	<u>53,162</u>

The annexed notes from 1 to 12 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 QUARTER ENDED SEPTEMBER 30, 2014**

**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. 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 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).
- 2.1.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: "Interim Financial Reporting".
- 2.1.3** These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2014.

**3 INVESTMENTS**

**Available for sale**

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
		-----Rupees in '000-----	
Government securities:			
-Market Treasury Bills	3.1	821,214	838,217
-Pakistan Investment Bonds		2,040,190	1,393,707
Term finance certificates - listed	3.2 & 3.4	165,525	271,850
Term finance certificates - unlisted	3.3 & 3.4	106,026	155,810
Certificates of investment	3.5	-	300,000
		<u>3,132,955</u>	<u>2,959,584</u>

**NIT - INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

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

Issue date	Tenor	Face value				Balance as at 30 September 2014		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2014	Purchased during the year	Sales / matured during the year	As at 30 September 2014	Carrying value	Market value		
(Rupees in '000) (%)									
<b>Market Treasury Bills</b>									
15 May 2014	3 Months	250,000	-	250,000	-	-	-	-	-
12 June 2014	3 Months	400,000	-	400,000	-	-	-	-	-
10 July 2014	3 Months	-	310,000	310,000	-	-	-	-	-
24 July 2014	3 Months	-	270,000	-	270,000	268,894.39	268,803.09	8.10	8.58
07 August 2014	3 Months	-	160,000	-	160,000	158,762.67	158,678.88	4.78	5.06
04 September 2014	3 Months	-	400,000	-	400,000	393,920.00	393,732.00	11.87	12.57
15 May 2014	6 Months	50,000	-	50,000	-	-	-	-	-
12 July 2013	12 Months	150,000	-	150,000	-	-	-	-	-
<b>Total - 30 September 2014</b>		<b>850,000</b>	<b>1,140,000</b>	<b>1,160,000</b>	<b>830,000</b>	<b>821,577</b>	<b>821,214</b>	<b>24.75</b>	<b>26.21</b>

Issue date	Tenor	Face value				Balance as at 30 September 2014		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2014	Purchased during the year	Sales / matured during the year	As at 30 September 2014	Carrying value	Market value		
(Rupees in '000) (%)									
<b>Pakistan Investment Bond</b>									
July 19, 2012	10 years	150,000	-	100,000	50,000	47,857	46,923	1.41	1.50
July 18, 2013	05 years	125,000	-	50,000	75,000	72,853	72,459	2.18	2.31
July 18, 2013	03 years	1,145,000	530,000	-	1,675,000	1,655,264	1,667,627	50.26	53.23
July 17, 2014	03 years	-	260,000	-	260,000	252,154	253,181	7.63	8.08
<b>Total - 30 September 2014</b>		<b>1,420,000</b>	<b>790,000</b>	<b>150,000</b>	<b>2,060,000</b>	<b>2,028,128</b>	<b>2,040,190</b>	<b>61.48</b>	<b>65.12</b>

**3.2 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 30 September 2014		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2014	Purchased during the year	Sales / matured during the year	As at 30 September 2014	Carrying value	Market value		
(Rupees in '000) (%)									
<b>Commercial banks</b>									
Askari Bank Limited		16,000	-	-	16,000	80,420	79,517	2.40	2.54
Summit Bank Limited	3.2.1	20,000	-	-	20,000	54,253	54,253	1.64	1.73
		36,000	-	-	36,000	134,673	133,770	4.04	4.27
<b>Fertilizer</b>									
Engro Fertilizer Limited		8,000	-	-	8,000	31,348	31,754	0.96	1.01
<b>Electricity</b>									
K-Electric Limited AZM Sukuk 1		15,000	-	15,000	-	-	-	-	-
K-Electric Limited AZM Sukuk 2		5,000	-	5,000	-	-	-	-	-
		20,000	-	-	-	-	-	-	-
<b>Total - 30 September 2014</b>		<b>64,000</b>	<b>-</b>	<b>20,000</b>	<b>44,000</b>	<b>166,021</b>	<b>165,525</b>	<b>5.00</b>	<b>5.28</b>

**3.2.1** The Fund has made provision amounting to Rs. 45.632 million in compliance with the requirements of circular 33 of 2012 dated 24 October 2012.

**3.3 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 30 September 2014		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2014	Purchased during the year	Sales / matured during the year	As at 30 September 2014	Carrying value	Market value		
(Rupees in '000) (%)									
<b>Commercial banks</b>									
Bank Al-Falah Limited (Fixed)		7,000	-	-	7,000	35,083	37,970	1.14	1.21
Bank Al-Falah Limited (Floating)		5,250	-	-	5,250	26,364	27,595	0.83	0.88
Bank Al-Habib Limited (3rd issue)		10,000	-	10,000	-	-	-	-	-
Bank Al-Habib Limited (4th issue)		7,000	-	-	7,000	34,958	40,462	1.22	1.29
<b>Total - 30 September 2014</b>		<b>29,250</b>	<b>-</b>	<b>10,000</b>	<b>19,250</b>	<b>96,405</b>	<b>106,026</b>	<b>3.19</b>	<b>3.38</b>

**NIT - INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

**3.4 Significant terms and conditions of term finance certificates outstanding at the year 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</b>							
Askari Bank Limited	16,000	4,991	6-months KIBOR + 2.50%	18 November 2009	10 years	Unsecured	AA-
Engro Fertilizers Limited	8,000	3,900	6-months KIBOR + 2.40%	17 December 2009	7 years	Secured	A+
Summit Bank Limited	20,000	4,994	6-months KIBOR + 3.25%	27 October 2011	7 years	Unsecured	-
K-Electric Limited Sukuk 1	15,000	5,000	6-months KIBOR + 1%	19 March 2014	13 months	Unsecured	A+
K-Electric Limited Sukuk 2	5,000	5,000	6-months KIBOR + 2.25%	19 March 2014	3 years	Unsecured	A+
<b>Unlisted term finance certificates</b>							
Bank Al-Falah Limited (Fixed)	7,000	4,991	15.00%	02 December 2009	8 years	Unsecured	AA-
Bank Al-Falah Limited (Floating)	5,250	4,991	6-months KIBOR + 2.50%	02 December 2009	8 years	Unsecured	AA-
Bank Al-Habib Limited (3rd issue)	10,000	4,980	15.50%	15 June 2009	8 years	Unsecured	AA
Bank Al-Habib Limited (4th issue)	7,000	4,994	15.00%	30 June 2011	10 years	Unsecured	AA

**3.5 Certificate of Investment**

Name of the investee company	Number of certificates				Balance as at 30 September 2014		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2014	Purchased during the year	Sales / matured during the year	As at 30 September 2014	Carrying value	Market value		
(Rupees in '000) (%)								
Pak Libya Holding Company (Private) Limited	300,000	-	-	300,000	-	-	-	-
<b>Total - 30 September 2014</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Investments include shares with market value of Rs 49.119 million (30 June 2013: Nil million) which have been pledged with National Clearing Company of Pakistan 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.

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

Market value of investments  
Less: Carrying value of investments - net of impairment  
  
Less: Net unrealised (appreciation) on re-measurement of investments at beginning of the period

	September 30, 2014	September 30, 2013
	(Unaudited)	(Unaudited)
	(Rupees in '000)	
	3,132,955	3,334,078
	(3,112,132)	(3,332,655)
	20,823	1,423
	(3,811)	(16,895)
	17,012	(15,472)

**3.6.1** This includes provision for impairment as at 30 September 2014 amounting to Rs. 45.632 million (June 30, 2014: RS. 35.737 million).

**4 PROFIT RECEIVABLE**

**Profit Receivable on:**  
- term finance certificates  
- Pakistan investment bonds  
- certificate of investment  
- saving accounts  
- marginal trading system  
- others

Note	September 30, 2014	June 30, 2014
	(Unaudited)	(Audited)
	(Rupees in '000)	
	9,852	5,412
	47,799	72,375
	-	1,944
	1,139	1,658
	-	882
	-	7
	58,790	82,278



**NIT - INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	-----Rupees in '000-----	
<b>5 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY</b>		
On account of:		
-management remuneration	3,385	3,539
-Sindh Sales Tax	589	656
-Preliminary expenses and formation cost	4,484	4,484
-sales load	508	497
	<u>8,966</u>	<u>9,176</u>

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	-----Rupees in '000-----	
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Provision for workers' welfare fund	6.1 24,609	23,323
Federal Excise Duty	6.2 7,257	5,600
Auditors' remuneration	609	397
Printing charges	150	25
Brokerage	107	384
Settlement charges	15	15
Zakat	11	175
Capital gains tax	95	159
Withholding tax	17	210
Dividend	357	30,895
Legal and professional charges payable	25	86
	<u>33,252</u>	<u>61,269</u>

**6.1** 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.

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 24.609 million (including Rs 1.286 million for the period) 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 0.0777 per unit.

**6.2** 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. 7.257 million. Had the provision not been made, the net assets value (NAV) per unit of the Fund as at 30 September 2014 would have been higher by Rs. 0.0229 per unit.

**NIT - INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

**7 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at September 30, 2014 (June 30, 2014: Nil)

**8 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.

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

	-----September 30----- 2014 (Unaudited)	-----September 30----- 2013 (Audited)
	-----Rupees in '000-----	
Net income after taxation	63,037	66,917
	----- Number of units -----	
Weighted average number of units outstanding during the period	317,902,836	344,079,173
	----- Rupees-----	
Earnings per unit	0.1983	0.1945

**10 TRANSACTIONS WITH CONNECTED PERSONS**

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

	-----September 30----- 2014 (Unaudited)	-----September 30----- 2013 (Audited)
	-----Rupees in '000-----	
<b>10.1 Transactions during the period:</b>		
<b>National Investment Trust Limited - Management Company</b>		
Sales Load	11	9
Management fee for the period	10,354	11,170
Sindh sales tax on management fee	1,802	2,132
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	919	974
<b>10.2 Amounts outstanding as at the end of the period</b>	<b>September 30, 2014 (Unaudited)</b>	<b>June 30, 2014 (Audited)</b>
	-----Rupees in '000-----	
<b>National Investment Trust Limited - Management Company</b>		
124,942,072 units held (June 30, 2014: 124,942,072 units)	1,308,193	1,276,533
Management fee payable	3,385	3,539
Sindh Sales Tax	589	656
Preliminary expenses and formation cost	4,484	4,484
Sales load payable	508	497
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	300	310
Security Deposit	100	100
<b>National Investment Trust Limited - Provident Fund</b>		
5,924,448 units held (June 30, 2014: 5,924,448 units)	62,031	60,530

**NIT - INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
**STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	-----Rupees in '000-----	
<b>National Investment Trust Limited - Pension Fund</b> 17,301,228 units held (June 30, 2014: 17,301,228 units)	181,151	176,767
<b>Chief Operating Officer</b> 1,092,029 units held (June 30, 2014: 1,092,029 units)	11,434	11,157
<b>Fund Manager</b> 528 units held (June 30, 2014: 528 units)	6	5
<b>Head of MD's Secretariat and Personnel</b> 29,911 units held (June 30, 2014: 29,911 units)	313	306

**11 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 22, 2014 by the Board of Directors of the Management Company.

**12 GENERAL**

**12.1** 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**