

NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2015

	Note	31 December 2015 Unaudited (Rupees in '000)	30 June 2015 Audited
Assets			
Bank balances	6	1,268,811	1,443,512
Investments	7	3,306,453	3,581,133
Profit receivables		125,033	169,141
Security deposit with Central Depository Company of Pakistan Limited		100	100
Total assets		4,700,397	5,193,886
Liabilities			
Payable to National Investment Trust Limited - Management Company	8	6,119	6,955
Payable to Central Depository Company of Pakistan Limited - Trustee	9	456	409
Payable to Securities and Exchange Commission of Pakistan		1,894	5,047
Payable against redemption of units		216	569
Accrued expenses and other liabilities	10	68,932	122,492
Dividend payable		2,353	197,705
Total liabilities		79,970	333,177
Net assets		4,620,427	4,860,709
Unit holders' fund (as per statement attached)		4,620,427	4,860,709
Contingency	11		
			(Number of units)
Number of units in issue		443,345,985	480,205,131
			(Rupees)
Net assets value per unit		10.4217	10.1222

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2015

Note	Six months period ended		Three months period ended	
	2015	2014	2015	2014
	(Rupees in '000)			
Income				
Income from government securities	45,261	80,648	25,781	39,869
Profit on bank deposits	31,035	18,166	20,662	14,985
Mark-up on fixed income securities	123,624	225,376	40,568	133,314
Income from reverse repurchase transactions	-	54	-	-
Gain on sale of investments - net	110,452	14,407	37,771	17,744
Total income	310,372	338,651	124,782	205,912
Expenses				
Remuneration of National Investment Trust Limited - Management Company	8.1	31,672	36,699	15,273
Sindh Sales Tax on remuneration of Management Company	8.2	5,144	6,386	2,481
Federal Excise Duty on remuneration of Management Company	10.2	5,068	5,872	2,449
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,283	2,580	1,105
Sindh Sales Tax on remuneration of Trustee	9.1	320	-	156
Annual fee - Securities and Exchange Commission of Pakistan		1,894	2,200	913
Allocation of expenses related to registrar services, accounting, operation and valuation services	12	397	-	397
Amortisation of preliminary expenses and floatation costs		-	290	103
Auditors' remuneration		390	204	216
Settlement and bank charges		534	303	457
Listing fee		122	120	7
Printing charges		50	268	143
Mutual fund rating fee		232	232	232
Total expenses		48,106	55,154	23,711
Net income from operating activities		262,266	283,497	172,657
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(29,824)	82,489	(27,857)
Provision for Workers' Welfare Fund	10.1	-	(7,320)	(4,588)
Net income for the period before taxation		232,442	358,666	224,918
Taxation	13	-	-	-
Net income for the period		232,442	358,666	224,918
Earnings per unit - basic and diluted	Rupees 14	0.48	0.64	0.12

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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 SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2015

Note	Six months period ended		Three months period ended	
	2015	2014	2015	2014
	(Rupees in '000)			
Net income for the period	232,442	358,666	73,214	224,918
Other comprehensive income for the period				
Items to be reclassified to income statement in subsequent periods:				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	7.3	(114,152)	182,600	(42,013)
Total comprehensive income for the period	118,290	541,266	31,201	424,164

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2015

	Note	2015 (Rupees in '000)	2014
Undistributed (loss) / income brought forward - realised		(69,341)	46,141
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holders' fund - net		14,731	22,425
Net income for the period		232,442	358,666
Undistributed income carried forward - realised		<u>177,832</u>	<u>427,232</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2015

	Note	2015 (Rupees in '000)	2014
Net assets at beginning of the period [Rs. 10.1222 per unit (2014: Rs. 10.1039 per unit)]		4,860,709	4,166,375
Issue of 92,791,000 units (2014: 464,903,251 units)		944,852	4,885,187
Redemption of 129,650,146 units (2014: 154,686,754 units)		(1,333,248)	(1,645,866)
		(388,396)	3,239,321
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		29,824	(82,489)
- amount representing loss transferred to condensed interim income statement		(14,731)	(22,425)
- amount representing income transferred to condensed interim distribution statement		15,093	(104,914)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	7.3	(114,152)	182,600
Gain on sale of investments - net		110,452	14,407
Other net income for the period		121,990	344,259
Total comprehensive income for the period		118,290	541,266
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		14,731	22,425
Net assets at end of the period [Rs. 10.4217 per unit (2014: Rs. 10.8841 per unit)]		<u>4,620,427</u>	<u>7,864,473</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2015

Note	2015 (Rupees in '000)	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	232,442	358,666
Adjustments:		
Amortisation of preliminary expenses and floatation costs	-	290
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	29,824	(82,489)
	262,266	276,467
Decrease / (increase) in assets		
Investments	160,528	(2,129,272)
Profit receivables	44,108	(174,298)
	204,636	(2,303,570)
(Decrease) / increase in liabilities		
Payable to National Investment Trust Limited - Management Company	(836)	4,476
Payable to Central Depository Company of Pakistan Limited - Trustee	47	232
Payable to Securities and Exchange Commission of Pakistan	(3,153)	(1,030)
Payable against redemption of units	(353)	3,464
Accrued expenses and other liabilities	(53,560)	(17,098)
	(57,855)	(9,956)
Net cash generated from / (used in) operating activities	409,047	(2,037,059)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issue of units	944,852	4,885,187
Payments against redemption of units	(1,333,248)	(1,645,866)
Distribution paid	(195,352)	-
Net cash (used in) / from financing activities	(583,748)	3,239,321
Net (decrease) / increase in cash and cash equivalents during the period	(174,701)	1,202,262
Cash and cash equivalents at beginning of the period	1,443,512	126,421
Cash and cash equivalents at end of the period	6 <u>1,268,811</u>	<u>1,328,683</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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 SIX AND THREE MONTHS PERIOD ENDED DECEMBER 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 24 September 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on 4 September 2009. 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 classified as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 6th floor, National Bank of Pakistan Building, I.I. Chundrigar Road, Karachi.
- 1.3** The Fund is an open-ended mutual fund and is listed on all Stock Exchanges of Pakistan (Subsequent to period end due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange). The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** Pakistan Credit Rating Agency Limited (PACRA) has assigned "AA-(f)" rating to the Fund and has assigned an asset manager rating of "AM2" to the Management Company.
- 1.5** The objective of the Fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in government securities.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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.

- 2.1.1** 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 2015.
- 2.1.2** 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).

2.2 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 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 2015, except for the following standards which became effective during the period.

NIT - GOVERNMENT BOND FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2015

3.1 New, Amended And Revised Standards And Interpretations of IFRSs

IFRS 10 'Consolidated Financial Statements,' IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Fund.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures.

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 financial statements as at and for the year ended 30 June 2015.

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 2015.

6 BANK BALANCES

These represent balances with banks in savings accounts carrying rates ranging from 4.00% to 7.25% per annum (30 June 2015: 5.00% to 10.35% per annum).

7 INVESTMENTS

31 December 2015 **30 June 2015**
Unaudited **Audited**
(Rupees in '000)

Available for sale

Government securities:

- Market Treasury Bills	7.1	1,304,131	425,780
- Pakistan Investment Bonds	7.2	2,002,322	3,155,353
		3,306,453	3,581,133

7.1 Market Treasury Bills

Issue date	Tenor	Face value			As at 31 December 2015		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2015	Purchases during the period	Sales / matured during the period	As at 31 December 2015	Carrying value		
(Rupees in '000) ----- (%) -----								
05 March 2015	6 Months	287,500	150,000	437,500	-	-	-	-
16 April 2015	6 Months	-	200,000	200,000	-	-	-	-
30 April 2015	12 Months	150,000	-	-	150,000	146,887	146,943	3.18
30 April 2015	6 Months	-	29,000	29,000	-	-	-	-
14 May 2015	6 Months	-	200,000	200,000	-	-	-	-
28 May 2015	12 Months	-	300,000	-	300,000	292,534	292,485	6.33
25 June 2015	3 months	-	200,000	200,000	-	-	-	-
29 June 2015	2 months	-	200,000	200,000	-	-	-	-
09 July 2015	12 Months	-	200,000	200,000	-	-	-	-
09 July 2015	3 months	-	200,000	200,000	-	-	-	-
23 July 2015	6 Months	-	150,000	150,000	-	-	-	-
06 August 2015	12 Months	-	950,000	750,000	200,000	192,383	192,687	4.17

NIT - GOVERNMENT BOND FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2015

Issue date	Tenor	Face value			As at 31 December 2015		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2015	Purchases during the period	Sales / matured during the period	As at 31 December 2015	Carrying value		
(Rupees in '000) ----- (%) -----								
06 August 2015	6 Months	-	700,000	700,000	-	-	-	-
20 August 2015	12 Months	-	350,000	-	350,000	335,657	336,405	7.28
20 August 2015	3 months	-	150,000	150,000	-	-	-	-
03 September 2015	12 Months	-	350,000	-	350,000	334,763	335,611	7.26
01 October 2015	3 months	-	30,000	30,000	-	-	-	-
		437,500	4,359,000	3,446,500	1,350,000	1,302,224	1,304,131	28.22
								39.44

7.2 Pakistan Investment Bonds

18 July 2013	5 years	50,000	-	50,000	-	-	-	-	-
18 July 2013	3 years	2,100,000	3,500,000	3,700,000	1,900,000	1,942,987	1,948,974	42.18	58.95
17 July 2014	10 years	50,000	-	50,000	-	-	-	-	-
17 July 2014	5 years	-	50,000	50,000	-	-	-	-	-
17 July 2014	3 years	607,500	550,000	1,107,500	50,000	53,324	53,348	1.15	1.6134
26 March 2015	10 years	-	50,000	50,000	-	-	-	-	-
26 March 2015	5 years	200,000	25,000	225,000	-	-	-	-	-
26 March 2015	3 years	-	25,000	25,000	-	-	-	-	-
		3,007,500	4,200,000	5,257,500	1,950,000	1,996,311	2,002,322	43.33	60.56

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

31 December 2015 **31 December 2014**
Unaudited
(Rupees in '000)

Market value of investments	3,306,453	6,314,315
Less: Carrying value of investments	(3,298,535)	(6,132,968)
	7,918	181,347
Less: Net unrealised (diminution) / appreciation at beginning of the period	(122,070)	1,253
	(114,152)	182,600

8 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY

Management remuneration	8.1	4,859	5,884
Sindh Sales Tax	8.2	797	1,024
Sales load		66	47
Allocation of expenses related to registrar services, accounting, operation and valuation services	12	397	-
		6,119	6,955

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 annual net assets. The Management Company has charged its remuneration at the rate of 1.25 percent per annum (30 June 2015: 1.25 percent per annum) of the average net assets for the current period.

8.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 15% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2014. However, the rate has been revised from 15% to 14% effective from 1 July 2015.

9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

31 December 2015 **30 June 2015**
Unaudited **Audited**
(Rupees in '000)

Trustee remuneration		356	409
Sindh Sales Tax	9.1	100	-
		456	409

NIT - GOVERNMENT BOND FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2015

9.1 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 14% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2015.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	10.1	39,149	39,149
Federal Excise Duty	10.2	25,636	20,568
Capital gain tax		19	23,168
Auditors' remuneration		368	503
Legal and professional charges		27	26
Printing charges		175	125
Settlement charges		45	46
Mutual Fund Rating fee		232	-
Brokerage		165	294
Withholding Tax		3,116	37,421
Zakat Payable		-	1,192
		68,932	122,492

10.1 There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended 30 June 2015.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1 July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Assets Value (NAV) per unit of the Fund as at 31 December 2015 would have been higher by Rs. 0.0883 per unit (30 June 2015: Rs. 0.0815 per unit).

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. In 2014, the Honourable High Court of Sindh in a Constitutional petition relating to levy of FED on Mutual Funds has granted a stay order for the recovery of FED. 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. 27.659 million out of which Rs. 2.023 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value (NAV) per unit of the fund as at 31 December 2015 would have been higher by Rs. 0.0624 per unit (30 June 2015: Rs. 0.0470 per unit).

11 CONTINGENCY

There is no change in the status of contingency as fully disclosed in annual financial statements for the year ended 30 June 2015.

12 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

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(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 with effect from 15 December 2015.

13 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

NIT - GOVERNMENT BOND FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2015

distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2016 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14 EARNINGS PER UNIT - BASIC AND DILUTED

	Six months period ended		Three months period ended	
	2015	2014	2015	2014
	----- Unaudited -----			
	----- (Rupees in '000) -----			
Net income for the period	232,442	358,666	73,214	224,918
	----- (Number of units) -----			
Weighted average number of units in issue during the period	488,969,459	557,559,811	636,129,445	660,905,838
	----- (Rupees) -----			
Earnings per unit - basic and diluted	0.48	0.64	0.12	0.34

15 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

15.1 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 directors and officers of the Management Company and the Trustee and unit holders holding 10 percent or more units of the Fund.

15.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

15.3 Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

15.5 Transactions during the period

	Six months period ended		Three months period ended	
	2015	2014	2015	2014
	----- Unaudited -----			
	----- (Rupees in '000) -----			
National Investment Trust Limited				
- Management Company				
Issue of 31,424,382 units (2014: 278,810,444 units)	320,000	2,911,000	-	200,000
Redemption of 57,975,945 (2014: 109,597,445 units)	600,000	1,175,522	600,000	873,778
Remuneration of the Management Company	31,672	36,699	15,273	22,157
Sindh Sales Tax on Management remuneration	5,144	6,386	2,481	3,855
Allocation of expenses related to registrar services, accounting, operation and valuation services	397	-	397	-
Sales load	122	19	103	13
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of the Trustee	356	2,580	178	1,518
Sindh Sales Tax on Trustee remuneration	100	-	50	-

NIT - GOVERNMENT BOND FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2015

15.6 Amounts outstanding as at period / year end:

	31 December 2015 Unaudited (Rupees in '000)	30 June 2015 Audited
National Investment Trust Limited - Management Company		
101,988,225 units held (30 June 2015: 128,539,788 units)	1,062,891	1,301,105
Management fee payable	4,859	5,884
Sindh Sales Tax payable	797	1,024
Sales load payable	66	47
Allocation of expenses related to registrar services, accounting, operation and valuation services	397	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	356	409
Sindh Sales Tax payable	100	-
Security deposit	100	100
National Investment Trust Limited - Employees' Provident Fund		
7,186,923 units held (30 June 2015: 7,186,923 units)	74,902	72,747
National Investment Trust Limited - Employees' Pension Fund		
16,563,072 units held (30 June 2015: 16,563,072 units)	172,619	167,655
National Investment Trust Limited - Employees' Benevolent Fund		
2,370,282 units held (30 June 2015: 2,370,282 units)	24,703	23,992
Bank Al Habib Limited		
48,615,258 units held (30 June 2015: 48,615,258 units)	506,655	492,093
Chief Operating Officer		
953,955 units held (30 June 2015: 953,955 units)	9,942	9,656
Fund Manager		
605 units held (30 June 2015: 605 units)	6	6
Head of MD's Secretariat and Personnel		
55,665 units held (30 June 2015: 55,665 units)	580	563

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

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- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		31 December 2015							
		Unaudited				Fair Value			
		Carrying amount				Fair Value			
Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
	Market Treasury Bills								
	1,302,224	-	-	1,302,224	-	1,304,131	-	1,304,131	
	1,996,311	-	-	1,996,311	-	2,002,322	-	2,002,322	
	3,298,535	-	-	3,298,535	-	3,306,453	-	3,306,453	
Financial assets not measured at fair value									
16.1	Bank balances		1,268,811	1,268,811	-	-	-	-	-
	Profit receivables		125,033	125,033	-	-	-	-	-
	Security deposit with Central Depository Company of Pakistan Limited		100	100	-	-	-	-	-
	-		1,393,944	1,393,944	-	-	-	-	-
Financial liabilities not measured at fair value									
16.1	Payable to National Investment Trust Limited - Management Company		6,119	6,119	-	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee		456	456	-	-	-	-	-
	Payable against redemption of units		216	216	-	-	-	-	-
	Accrued expenses and other liabilities		26,648	26,648	-	-	-	-	-
	Dividend payable		2,353	2,353	-	-	-	-	-
	-		35,792	35,792	-	-	-	-	-
		30 June 2015							
		Audited				Fair Value			
		Carrying amount				Fair Value			
Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
	Market Treasury Bills								
	425,771	-	-	425,771	-	425,780	-	425,780	
	3,033,292	-	-	3,033,292	-	3,155,353	-	3,155,353	
	3,459,063	-	-	3,459,063	-	3,581,133	-	3,581,133	
Financial assets not measured at fair value									
	Bank balances		1,443,512	1,443,512	-	-	-	-	-
	Profit receivables		169,141	169,141	-	-	-	-	-
	Security deposit with Central Depository Company of Pakistan Limited		100	100	-	-	-	-	-
	-		1,612,753	1,612,753	-	-	-	-	-
Financial liabilities not measured at fair value									
	Payable to National Investment Trust Limited - Management Company		6,955	6,955	-	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee		409	409	-	-	-	-	-
	Payable against redemption of units		569	569	-	-	-	-	-
	Accrued expenses and other liabilities		21,562	21,562	-	-	-	-	-
	Dividend payable		197,705	197,705	-	-	-	-	-
	-		227,200	227,200	-	-	-	-	-

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16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17 **DATE OF AUTHORISATION FOR ISSUE**

This condensed financial information was authorised for issue on 29th February 2016 by the Board of Directors of the Management Company.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director