

**NIT - GOVERNMENT TREASURY FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2016**

	September 30, 2016	June 30, 2016
Note	(Unaudited)	(Audited)
	-----Rupees in '000-----	
ASSETS		
Bank balances	5 194,447	354,683
Investments	6 790,546	498,683
Profit Receivable	7 1,071	20,423
Preliminary expenses and floatation costs	969	1,026
Total assets	987,033	874,815
LIABILITIES		
Payable to National Investment Trust Limited - Management Company	8 1,642	1,613
Payable to Central Depository Company of Pakistan Limited - Trustee	9 138	125
Payable to Securities and Exchange Commission of Pakistan	10 180	290
Accrued expenses and other liabilities	1,264	1,238
Dividend Payable	-	22
Total liabilities	3,224	3,288
NET ASSETS	<u>983,809</u>	<u>871,527</u>
Unit holders' fund (as per statement attached)	<u>983,809</u>	<u>871,527</u>
Contingencies and commitments	11	
	Number of units	
Number of units in issue	<u>96,978,364</u>	<u>86,965,066</u>
	-----Rupees-----	
Net asset value per unit	<u>10.1446</u>	<u>10.0216</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)**

Managing Director

Director

Director

**NIT - GOVERNMENT TREASURY FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	September 30, 2016
		(Unaudited)
		(Rupees in '000)
INCOME		
Income from government securities		9,952
Profit on bank deposits		4,231
(Loss) on sale of investments -net		(80)
Net unrealized (diminution) /appreciation on re-measurement of investments classified as ' financial assets at fair value through profit or loss'		(251)
Total income		<u>13,852</u>
EXPENSES		
Remuneration of National Investment Trust Limited		
- Management Company	8.1	1,030
Sindh Sales Tax on remuneration to Management Company	8.2	134
Remuneration of Central Depository Company of Pakistan Limited - Trustee		360
Sindh Sales Tax on remuneration of Trustee		47
Annual fee - Securities and Exchange Commission of Pakistan		180
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	240
Amortisation of preliminary expenses and floatation costs		57
Securities transaction costs		12
Auditors' remuneration		24
Settlement and bank charges		1
Total expenses		<u>2,085</u>
Net income from operating activities		<u>11,767</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		472
Net income for the period before taxation		<u>12,239</u>
Taxation	12	-
Net income for the period		<u><u>12,239</u></u>

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

Managing Director

Director

Director

**NIT - GOVERNMENT TREASURY FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	September 30, 2016 (Unaudited) (Rupees in '000)
Net income for the period after taxation		12,239
Other comprehensive income for the period		
Net unrealised (diminution) in the fair value of investments classified as 'available for sale'	6.3	(122)
Total comprehensive income for the period		<u>12,117</u>

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

Managing Director

Director

Director

**NIT - GOVERNMENT TREASURY FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	September 30, 2016 (Unaudited) (Rupees in '000)
Undistributed income at the beginning of the period	1,781
Element of (loss) and capital (losses) included in the prices of units issued less those in units redeemed - amount representing income that form part of unit holders' Fund-net	(2)
Net income for the period	12,239
Undistributed income carried forward	<u><u>14,018</u></u>

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

Managing Director

Director

Director

**NIT - GOVERNMENT TREASURY FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	September 30, 2016 (Unaudited) (Rupees in '000)
Net assets at the beginning of the period [Rs. 10.0216 per unit]		871,527
Issue of 13,396,882 units		134,798
Redemption of 3,383,584 units		(34,161)
		100,637
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		
- amount representing (income) transferred to income statement		(472)
- amount representing loss transferred to distribution statement		2
		(470)
Net unrealised (diminution) in the fair value of investments classified as 'available for sale'	6.3	(122)
(Loss) on sale of investments -net		(80)
Other net income for the period		12,319
Total comprehensive income for the period		12,117
Element of (loss) and capital (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		(2)
Net assets at the end of the period [Rs. 10.1446 per unit]		983,809

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

Managing Director

Director

Director

**NIT - GOVERNMENT TREASURY FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

**September 30, 2016
(Unaudited)
(Rupees in '000)**

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation 12,239

Adjustments:

Element of income / (loss) and capital gains / (losses) included
in prices of units issued less those in units redeemed (472)
11,767

(Increase) / decrease in assets

Investments (291,985)
Accrued income 19,352
Amortization of Formation Cost 57
(272,576)

Increase / (decrease) in liabilities

Payable to National Investment Trust Limited - Management Company 29
Payable to Central Depository Company of Pakistan Limited - Trustee 13
Payable to Securities and Exchange Commission of Pakistan (110)
Accrued expenses and other liabilities 26
(42)

Net cash (used in) from operating activities (260,851)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issue of units 134,798
Payments on redemption of units (34,161)
Dividend paid (22)

Net cash generated from / (used in) financing activities 100,615

Net increase in cash and cash equivalents during the period (160,236)

Cash and cash equivalents at the beginning of the period 354,683

Cash and cash equivalents at the end of the period 194,447

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

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

Managing Director

Director

Director

**NIT - GOVERNMENT TREASURY FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The NIT - Government Treasury 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. SCD/AMCW/NITL/78/2015 dated September 02, 2015 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on September 09, 2015. The Fund is categorized as Money Market 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. The units of the Fund were initially issued at Rs. 10 per unit.
- 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 January 22, 2016
- 1.4** The objective of the Fund is to invest primarily in fixed income securities issued by the Government of Pakistan (GoP), which are highly liquid and have low credit risk
- 1.5** 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.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.
- 2.1.2** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2016.

This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2)(f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

3 Significant Accounting Policies

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the period ended 30 June 2016.

4 Estimates and Judgements

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the period ended 30 June 2016.

5 BANK BALANCES

These represent balances with banks in savings accounts carrying mark-up rates ranging from 3.75% to 6.25% per annum. (June 2016: 3.75% to 6.45% per annum)

6 INVESTMENTS

Available for sale

Government securities:

- Market Treasury Bills

- Pakistan Investment Bonds

Note	September 30, 2016 (Un audited) Rupees in '000	June 30, 2016 (Audited) Rupees in '000
6.1	790,546	97,687
6.2	-	400,996
	790,546	498,683

6.1 Market Treasury Bills

Held For Trading

Issue date	Tenor	Face value			Balance as at 30 September 2016		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2016	Purchases during the period	Sales / matured during the period	As at 30 September 2016	Carrying value		
							(%)	
August 20, 2015	12 Months	-	300,000	300,000	-	-	-	-
July 21, 2016	6 Months	-	400,000	-	400,000	393,138	39.94	49.71
July 21, 2016	3 Months	-	100,000	-	100,000	99,813	10.14	12.62
September 1, 2016	3 Months	-	100,000	-	100,000	99,135	10.08	12.54
July 11, 2016	3 Months	-	200,000	200,000	-	-	-	-
August 4, 2016	3 Months	-	100,000	-	100,000	99,589	10.12	12.59
Total - 30 September 2016		-	1,200,000	500,000	700,000	691,675	70.28	87.46

Available For Sale

Issue date	Tenor	Face value			Balance as at 30 September 2016		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2016	Purchases during the period	Sales / matured during the period	As at 30 September 2016	Carrying value		
							(%)	
May 26, 2016	6 Months	100,000	-	-	100,000	99,145	10.08	12.54
Total - 30 September 2016		100,000	-	-	100,000	99,145	10.08	12.54
Total - 30 September 2016		100,000	1,200,000	500,000	800,000	790,820	80.36	100.00

6.2 Pakistan Investment Bonds

July 18, 2013	3 years	400,000	-	400,000	-	-	-	-
Total - 30 September 2016		400,000	-	400,000	-	-	-	-

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

	September 30, 2016 (Un audited) Rupees in '000
Market value of investments	99,122
Less: carrying value of investments	(99,145)
	(23)
Less: net unrealised appreciations at the beginning of the period	99
	(122)

7 PROFIT RECEIVABLES

Profit on savings accounts

Mark-up on fixed income securities

September 30, 2016 (Un audited)	June 30, 2016 (Audited)
1,015	25
56	20,398
1,071	20,423

8 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY

On account of:

- Management remuneration

- Sindh Sales Tax

- Preliminary expenses & floatation costs

- Allocation of expenses related to registrar services,
accounting, operation and valuation services

- Others

	September 30, 2016 (Un audited)	June 30, 2016 (Audited)
8.1	355	327
8.2	46	53
	1,125	1,125
8.3	81	73
	35	35
	1,642	1,613

- 8.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 15 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 7.5 percent of Gross Earnings subject to a cap of 1 percent per annum of Average Annual Net Assets.
- 8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 8.3 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 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.

The expenses represents the allocation of expenses relating to registrar services, accounting, operations and valuation services at 0.1% of average net assets of the Fund.

		September 30, 2016	June 30, 2016
		(Un audited)	(Audited)
		-----Rupees in '000-----	
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee remuneration	122	110
	Sales tax payable on trustee remuneration	16	15
	9.1	138	125

- 9.1 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% (June 2016: 14%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act 2011.

		September 30, 2016	June 30, 2016
		(Un audited)	(Audited)
		-----Rupees in '000-----	
10	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Federal Excise Duty	291	291
	Capital gain tax	10	-
	Auditors' remuneration	390	366
	Legal and Professional Charges	85	85
	Printing charges	14	32
	Brokerage	20	11
	Listing Fee	450	450
	Withholding Tax	4	3
	10.1	1,264	1,238

- 10.1 There has been no change in the status of litigation relating to Federal Excise Duty (FED) as reported in annual financial statements of the Fund for the year ended 30 June 2016. As a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 22 January 2016, aggregating to Rs.0.291 million. Had the provision not been made, the Net Assets Value (NAV) per unit of the fund as at 30 September 2016 would have been higher by Rs. 0.0030 per unit (30 June 2016: Rs. 0.0033 per unit). However, after the exclusion of mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 September 2016

12 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2017 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

13 TOTAL EXPENSE RATIO

Total expense ratio (TER) of the Fund for the quarter ended 30 September 2016 is 0.87% . The TER includes 0.15% representing SECP Fee and Sindh Sales tax on services.

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 directors and officers of the Management Company and the Trustee and unitholders 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 the 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:

Details of the transactions with connected persons are as follows: **September 30, 2016**
(Un audited)
Rupees in '000

National Investment Trust Limited - Management Company

Remuneration of the Management Company	1,030
Sindh Sales Tax on Management remuneration	134
Allocation of expenses related to registrar services, accounting, operation and valuation services	240

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	360
Sindh Sales Tax on Trustee Remuneration	47

14.5 **Amounts outstanding as at period end:**

	September 30, 2016 (Un audited) Rupees in '000	June 30, 2016 (Audited) Rupees in '000
National Investment Trust Limited - Management Company		
76,124,269 Units held (June 2016: 76,124,269 units)	772,250	762,887
Management remuneration	355	327
Sindh Sales Tax	46	53
Preliminary expenses & floatation costs	1,125	1,125
Others	35	35
Allocation of expenses related to registrar services, accounting, operation and valuation services	81	73
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	122	110
Sindh Sales Tax on Trustee remuneration of Trustee	16	15
Directors and Key management personnel		
101,799 units held (June 30, 2016: 101,799)	1,033	1,020

15 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **28 October 2016** 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)

Managing Director

Director

Director