

**NIT - INCOME FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2017**

	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
Note	-----Rupees in '000-----	
<b>ASSETS</b>		
Bank balances	5 <b>3,791,320</b>	2,683,739
Investments	6 <b>1,056,411</b>	1,290,226
Profit Receivables	7 <b>17,476</b>	5,671
Security deposits	<b>350</b>	350
<b>Total assets</b>	<b>4,865,557</b>	3,979,986
<b>LIABILITIES</b>		
Payable to National Investment Trust Limited - Management Company	8 <b>3,473</b>	3,141
Payable to Central Depository Company of Pakistan Limited - Trustee	9 <b>417</b>	405
Annual fee payable to the Securities and Exchange Commission of Pakistan	<b>794</b>	3,089
Payable against redemption of units	<b>1</b>	7
Accrued expenses and other liabilities	10 <b>34,053</b>	38,967
Dividend Payable	<b>3,357</b>	33,714
<b>Total liabilities</b>	<b>42,095</b>	79,323
<b>NET ASSETS</b>	<b>4,823,462</b>	3,900,663
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>4,823,462</b>	3,900,663
<b>CONTINGENCIES AND COMMITMENTS</b>		
	11	
	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>462,456,540</b>	378,714,128
	-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>	<b>10.4301</b>	10.2998

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

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

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

**NIT - INCOME FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	September 30,	
	2017	2016
	------(Unaudited)-----	
	Note -----Rupees in '000-----	
<b>INCOME</b>		
Income from government securities	16,615	32,562
Profit on bank balances	42,874	20,087
Income from Term Finance Certificates	6,794	8,127
Income from Certificates of Investment	202	2,589
Income from letters of placement	-	742
Income from Marginal Trading System	-	6,241
Amortisation of discount / (premium) on Term Finance Certificates - net	(36)	(2,579)
(Loss)/ Gain on sale of investments-net	(42)	4,585
<b>Total income</b>	<b>66,407</b>	<b>72,354</b>
<b>EXPENSES</b>		
Remuneration of National Investment Trust Limited - Management Company	8.1 6,796	13,207
Sindh sales tax on Management Company's remuneration	8.2 883	1,717
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,115	1,113
Sindh Sales Tax on Remuneration of Trustee	145	145
Annual fee - Securities and Exchange Commission of Pakistan	794	792
Custodian charges of Central Depository Company of Pakistan Limited	2	106
Allocation of expenses related to registrar services accounting, operations and valuation services	8.3 1,056	1,056
Laga and Levy Charges	-	845
Securities transaction costs	40	75
Auditors' remuneration	110	184
Annual listing fee	28	-
Printing charges	5	-
<b>Total expenses</b>	<b>10,974</b>	<b>19,240</b>
<b>Net income from operating activities</b>	<b>55,433</b>	<b>53,114</b>
Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in units redeemed - net	-	375
Provision for Sindh Workers' Welfare Fund	10.1 (1,108)	-
<b>Net income for the period before taxation</b>	<b>54,325</b>	<b>53,489</b>
Taxation	12 -	-
<b>Net income for the period</b>	<b>54,325</b>	<b>53,489</b>
<b>Allocation of net income for the period</b>		
Income already paid on units redeemed	656	
Accounting income available for distribution:		
-Relating to capital (loss) / gains	(42)	
-Excluding capital gains	53,711	
	53,669	
	54,325	

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

Sd/-  
**Managing Director**

Sd/-  
**Director**

Sd/-  
**Director**

**NIT - INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	September 30,	
	2017	2016
	----- (Unaudited) -----	
Note	----- Rupees in '000 -----	
Net income for the period	<b>54,325</b>	53,489
<b>Other comprehensive income</b>		
Items to be reclassified to income statement in subsequent periods:		
Unrealised (diminution) on re-measurement of investments classified as 'available for sale'	6.7 <b>(1,427)</b>	(8,224)
<b>Total comprehensive income for the period</b>	<b>52,898</b>	<b>45,265</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 - INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

Note	September 30,	
	2017	2016
	------(Unaudited)-----	
	-----Rupees in '000-----	
<b>Net assets at the beginning of the period</b> [Rs. 10.2998 per unit (2016: Rs. 10.2973 per unit)]	3,900,663	4,127,641
Issue of 100,065,615 units (2016: 19,776,759 units)	<b>1,038,957</b>	204,597
Redemption of 16,323,203 units (2016: 13,537,038 units)	<b>(169,056)</b>	(140,148)
	<b>869,901</b>	64,449
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		
- amount representing income/(loss) transferred to income statement	-	(375)
- amot	<b>(256)</b>	93
	<b>(256)</b>	(282)
Net unrealised (diminution) on remeasurement of investments classified as 'available for sale' - net	6.7 <b>(1,427)</b>	(8,224)
(Loss) / Gain on sale of investments-net	<b>(42)</b>	4,585
Other net income for the period	<b>54,367</b>	48,904
<b>Total comprehensive income for the period</b>	<b>52,898</b>	45,265
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	<b>256</b>	(93)
<b>Net assets at the end of the period</b> [Rs. 10.4301 per unit (2016: Rs. 10.4081 per unit)]	<b>4,823,462</b>	<b>4,236,980</b>
<b>Distribution for the period including:</b>		
<b>Undistributed income brought forward-realized</b>	<b>92,650</b>	84,559
<b>Accounting income avialable for distribution</b>		
-Relating to capital (loss) / gains	<b>(42)</b>	4,585
-Excluding capital gains	<b>53,711</b>	48,904
	<b>53,669</b>	53,489
Income already paid on units redeemed	<b>656</b>	-
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	-	(93)
<b>Undistributed income carried forward -realized</b>	<b>146,975</b>	<b>137,955</b>

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

**Sd/-**  
**Managing Director**

**Sd/-**  
**Director**

**Sd/-**  
**Director**

**NIT - INCOME FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	September 30,	
	2017	2016
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	54,325	53,489
<b>Adjustments:</b>		
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(375)
	<b>54,325</b>	53,114
<b>(Increase) / decrease in assets</b>		
Investments	232,388	(855,812)
Profit Receivables	(11,805)	29,880
Receivable against Marginal Trading System	-	29,564
Receivable against Redemption/subscription of investments	-	19,964
	<b>220,583</b>	(776,404)
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	332	263
Payable to Central Depository Company of Pakistan Limited - Trustee	12	23
Annual fee payable to the Securities and Exchange Commission of Pakistan	(2,295)	(2,110)
Payable on redemption of units	(6)	(521)
Accrued expenses and other liabilities	(4,914)	(1,529)
	<b>(6,871)</b>	(3,874)
<b>Net cash (used in) operating activities</b>	<b>268,037</b>	(727,164)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	1,038,957	204,597
Payments on redemption of units	(169,056)	(140,148)
Distribution paid	(30,357)	(4,596)
<b>Net cash generated from financing activities</b>	<b>839,544</b>	59,853
<b>Net increase in cash and cash equivalents during the period</b>	<b>1,107,581</b>	(667,311)
Cash and cash equivalents at the beginning of the period	2,683,739	1,994,036
<b>Cash and cash equivalents at the end of the period</b>	<b>3,791,320</b>	1,326,725

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 - INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** NIT - Income Fund (the "Fund") was established under a Trust Deed executed on 17 September 2009 between National Investment Trust Limited ("NITL"), as Management Company, and Central Depository Company of Pakistan Limited ("CDC"), as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan ("SECP") vide its letter no. NBFC-II/NITL/1026/2009 dated 20 November 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("NBFC Rules"). The Fund is categorized as an Income Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 6th floor, National Bank of Pakistan Building, I. I. Chundrigar Road, Karachi.
- 1.3** The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange (PSX). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at par from 15 February 2010 to 19 February 2010 (both days inclusive). Prior to the public offer, units were offered and issued to core investors and pre IPO investors at par value of Rs. 10. Subsequent to the initial period i.e., after 19 February 2010 units are being offered in accordance with the basis specified in the offering document.
- 1.4** The objective of the Fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in fixed income securities / instruments.
- 1.5** Pakistan Credit Rating Agency Limited (PACRA) has assigned "A+(f)" rating to the Fund and has assigned an asset manager rating of "AM2++" to the Management Company.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed 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 2017.
- 2.1.3** 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 and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2017 except for change in accounting policy for recognition of Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed (Element of Income).

In view of the amendments made in the NBFC Regulations vide SRO 756(I)/2017 the accounting policy for the recognition of Element of Income has been changed from July 1, 2017 with prospective effect. Previously the Element of Income was recognized in the income statement to the extent that it is represented by income earned during the year and unrealized appreciation / (diminution) arising during the year on 'available for sale' securities was included in the Distribution Statement. However, due to said changes in the NBFC Regulations, Element of Income is a transaction of capital nature and the receipt and payment of element of income will now be recognized directly in to the Unit Holders' Fund.

**4 Use of Judgements, Estimates and Risk Management**

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

The significant 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 year ended 30 June 2017.

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

**5 BANK BALANCES**

These represent balances with banks in savings accounts carrying rates ranging from 3.75% to 6.55% per annum (30 June 2017: 2.00% to 6.50% per annum)



#### 6.4 Sukuks - Listed

All certificates have a face value of Rs. 5,000 each.

Name of the investee company	Number of certificates				Balance as at		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2017	Purchased during the period	Sales / matured during the period	As at 30 September 2017	Carrying value	Market value		
Fatima Fertilizer Company Limited	3,678	-	-	3,678	16,551	17,082	0.35	1.62
<b>Total - 30 September 2017</b>	<b>3,678</b>	<b>-</b>	<b>-</b>	<b>3,678</b>	<b>16,551</b>	<b>17,082</b>	<b>0.35</b>	<b>1.62</b>

#### 6.5 Significant terms and conditions of term finance certificates outstanding at the period end are as follows:

Name of security	Number of certificates	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Listed term finance certificates</b>							
Summit Bank Limited	20,000	Semi-annually	4,987.35	6-months KIBOR + 3.25%	27 October 2011	27 October 2018	A-
Faysal Bank Limited	5,000	Semi-annually	1,247.50	6-months KIBOR + 2.25%	27 December 2010	27 December 2017	AA-
<b>Unlisted term finance certificates</b>							
Bank Al-Falah Limited (Fixed)	7,000	Semi-annually	1,662	15.00%	02 December 2009	02 December 2017	AA-
Bank Al-Falah Limited (Floating)	5,250	Semi-annually	1,662	6-months KIBOR + 2.50%	02 December 2009	02 December 2017	AA-
Bank Al-Habib Limited (5th issue)	13,125	Semi-annually	4,997	6-months KIBOR + 0.75%	17 March 2016	17 March 2025	AA
Standard Chartered Bank Limited (Floating)	10,000	Semi-annually	5,000	6-months KIBOR + 0.75%	29 June 2012	29 June 2022	AAA
Habib Bank Limited	1,000	Semi-annually	99,940	6-months KIBOR + 0.5%	19 February 2016	19 February 2026	AAA
<b>Listed Sukuk</b>							
Fatima Fertilizer Company Limited	3,678	Semi-annually	4,500	6-months KIBOR + 1.10%	28 November 2016	28 November 2021	AA

#### 6.6 Certificate of Investment

Name of the investee company	Number of certificates				Balance as at		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2017	Purchased during the period	Sales / matured during the period	As at 30 September 2017	Carrying value	Market value		
Pak Libya Holding Company (Private) Limited	-	200,000	-	200,000	200,000	200,000	4.15	18.93
<b>Total - 30 September 2017</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>4.15</b>	<b>18.93</b>

#### 6.7 Net unrealised (diminution) on re-measurement of investments classified as 'available for sale'

Market value of investments

Less: Carrying value of investments

Less: Net unrealised appreciation at the beginning of the period

Net unrealised (diminution) during the period

	September 30, 2017	September 30, 2016
	(Unaudited)	(Unaudited)
	Rupees in '000	
Market value of investments	1,056,411	2,694,013
Less: Carrying value of investments	(1,055,452)	(2,693,156)
	<u>959</u>	<u>857</u>
Less: Net unrealised appreciation at the beginning of the period	<u>2,386</u>	<u>9,081</u>
Net unrealised (diminution) during the period	<u>(1,427)</u>	<u>(8,224)</u>

#### 7 PROFIT RECEIVABLE

- term finance certificates

- certificate of investment

- saving accounts

	September 30, 2017	June 30, 2017
	(Unaudited)	(Audited)
	Rupees in '000	
- term finance certificates	7,201	5,671
- certificate of investment	202	-
- saving accounts	10,073	-
	<u>17,476</u>	<u>5,671</u>



8	PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED	Note	September 30, 2017	June 30, 2017
			(Unaudited)	(Audited)
		-----Rupees in '000-----		
	- MANAGEMENT COMPANY			
	On account of:			
	-Management remuneration	8.1	2,365	2,079
	-Sindh Sales Tax	8.2	307	270
	-sales load		452	452
	-Allocation of expenses related to registrar services			
	'accounting, operation and valuation services	8.3	349	340
			<u>3,473</u>	<u>3,141</u>

8.1 The Management Company has its remuneration at the rate of 10% of gross earnings of the Fund subject to upper cap of 1% and lower cap of 0.5% of the average annual net assets of the Fund. (Before 6 Feb 2017; 1.25% per annum; from 6 Feb 2017 to 30 June 2017; 10% of gross earnings of the Fund subject to upper cap of 1% and lower cap of 0.5% of the average annual net assets of the Fund).

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) 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 November 25, 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 annual assets of the Fund.

9	PAYABLE TO THE CENTRAL DEPOSITORY	Note	September 30, 2017	June 30, 2017
			(Unaudited)	(Audited)
		-----Rupees in '000-----		
	'COMPANY OF PAKISTAN LIMITED - TRUSTEE			
	Trustee remuneration		369	358
	Sindh Sales Tax on trustee remuneration	9.1	48	47
			<u>417</u>	<u>405</u>

9.1 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% (June 2017: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2017	June 30, 2017
			(Unaudited)	(Audited)
		-----Rupees in '000-----		
	Provision for Sindh workers' welfare fund	10.1	8,959	7,851
	Federal Excise Duty	10.2	20,799	20,799
	Auditors' remuneration		544	433
	Legal & professional charges		91	91
	Printing charges		-	28
	Brokerage		77	55
	Zakat		2,813	4,285
	Capital gains tax		94	290
	MTS Charges payable		191	193
	Withholding tax		440	4,922
	Others		45	20
			<u>34,053</u>	<u>38,967</u>

- 10.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Mutual Fund Association of Pakistan (MUFAP), after deliberating the position and obtaining advice from the legal counsel, decided that the provision for WWF held for the period from 1 January 2013 to 30 June 2015 should be reversed effective from 12 January 2017. Accordingly, the provision amounted to Rs. 28.973 million has been reversed on 12 January 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. 21 May 2015. Accordingly, on 12 January 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from 21 May 2015 and is being made on daily basis going forward while the efforts to exclude mutual funds from SWWF continue. The provision made for SWWF as on 30 September 2017 is amounted to Rs. 8.939 million. This has resulted in a decrease in NAV per unit of Rs. 0.0193 on 30 September 2017.

- 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. Hence petition was collectively filed by the MUFAP with the honorable Sindh High Court (SHC) on September 4, 2013.

The Honourable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honourable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of mutual funds from federal status on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 22.379 million out of which Rs. 1.580 million have been paid to the Management Company (30 June 2017: Rs. 22.379 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0484 (30 June 2017: Rs. 0.0591) per unit.

## **11 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at 30 September 2017.

## **12 TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2018 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

## **13 TOTAL EXPENSE RATIO**

Total expense ratio (all the expenses, including government levies, incurred during the period divided by average net asset value for the period) is 1.14% per annum. Total expense ratio (excluding government levies) is 0.86 % per annum.

#### 14 TRANSACTIONS WITH CONNECTED PERSONS

- 14.1 Connected persons include National Investment Trust Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and the directors and officers of the Management Company and the Trustee and unit holders holding 10 percent or more units of the Fund.
- 14.2 The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 14.3 Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 14.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at the period end are as follows:

Transactions during the period:	September 30,	
	2017	2016
	-----Rupees in '000-----	
<b>National Investment Trust Limited - Management Company</b>		
Management fee for the period	6,796	13,207
Sindh sales tax on management fee	883	1,717
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,056	1,056
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	1,115	1,113
CDC charges	2	106
<b>Amounts outstanding as at the end of the period</b>	<b>September 30, 2017</b>	<b>June 30, 2017</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	-----Rupees in '000-----	
<b>National Investment Trust Limited - Management Company</b>		
159,534,893 units held (June 30, 2017: 159,534,893 units)	1,663,965	1,643,177
Management fee payable	2,365	2,079
Sindh Sales Tax	307	270
Sales load payable	452	452
Allocation of expenses related to registrar services, accounting, operation and valuation services	349	340
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	369	358
Sindh Sales Tax on Trustee Remuneration	48	47
Security Deposit	100	100
<b>National Investment Trust Limited - Provident Fund</b>		
7,068,906 units held (June 30, 2017: 7,068,906 units)	73,729	72,808
<b>National Investment Trust Limited - Pension Fund</b>		
22,212,189 units held (June 30, 2017: 21,212,189 units)	231,675	218,481
<b>Chief Operating Officer / MD</b>		
1,493,459 units held (June 30, 2017: 1,493,459 units)	15,577	15,382
<b>Fund Manager</b>		
529 units held (June 30, 2017: 529 units)	6	5
<b>Head of MD's Secretariat</b>		
36,923 units held (June 30, 2017: 36,923 units)	385	380

#### 15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 26, 2017 by the Board of Directors of the Management Company.

#### 16 GENERAL

- 16.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director