

TRUSTEE REPORT TO THE UNIT HOLDERS

NIT - GOVERNMENT BOND FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NIT - Government Bond Fund (the Fund) are of the opinion that National Investment Trust Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 10, 2012

NIT - GOVERNMENT BOND FUND
AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NIT- Government Bond Fund** as at December 31, 2011, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2011. The Management Company (National Investment Trust Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
 Chartered Accountants
 Engagement Partner: Rashid A. Jafer
 Dated: February 6, 2012
 Karachi

NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2011

Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
-----Rupees in '000-----		
ASSETS		
	448,067	168,615
4	2,326,584	2,985,908
	50,052	35,505
	100	100
	2,156	2,530
Total assets	2,826,959	3,192,658
LIABILITIES		
	7,454	7,279
	242	263
	1,041	2,335
	16,952	11,740
	-	115,537
Total liabilities	25,689	137,154
NET ASSETS	2,801,270	3,055,504
Unit holders' fund (as per statement attached)	2,801,270	3,055,504
Contingencies and commitments	5	
Number of units		
Number of units in issue	262,119,567	274,851,693
-----Rupees-----		
Net asset value per unit	10.6870	11.1169

The annexed notes 1 to 12 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2011	2010	2011	2010
-----Rupees in '000-----					
INCOME					
Income from government securities		127,696	176,169	39,349	82,146
Profit on bank deposits		13,135	12,718	12,028	7,654
Mark-up on fixed income securities		37,668	-	35,928	-
Income from reverse repurchase transactions		65	-	65	-
Capital gain / (loss) on sale of investments		35	(3,000)	-	63
Total income		178,599	185,887	87,370	89,863
EXPENSES					
Remuneration of National Investment Trust Limited - Management Company		17,401	19,874	8,751	9,553
Sindh Sales Tax on Management Fee		2,784	-	1,400	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,418	1,571	712	763
Annual fee - Securities and Exchange Commission of Pakistan		1,041	1,192	524	573
Amortisation of preliminary expenses and floatation costs		374	377	188	189
Securities transaction costs		95	108	43	32
Auditors' remuneration		193	276	90	126
Settlement and bank charges		272	149	216	80
Listing fee		60	36	-	12
Printing charges		50	50	50	25
Other charges		103	-	28	-
Total expenses		23,791	23,633	12,002	11,353
Net income from operating activities		154,808	162,254	75,368	78,510
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(2,705)	(21,414)	7,621	(12,734)
Provision for Workers' Welfare Fund	6	(3,042)	(1,606)	(1,661)	(92)
Net income for the period before taxation		149,061	139,234	81,328	65,684

NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2011	2010	2011	2010
-----Rupees in '000-----					
Taxation	7	-	-	-	-
Net income for the period after taxation		149,061	139,234	81,328	65,684
Earnings per unit (in Rupees)	8	0.56	0.45	0.31	0.23

The annexed notes 1 to 12 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Note	Half year ended December 31,		Quarter ended December 31,	
		2011	2010	2011	2010
-----Rupees in '000-----					
Net income for the period after taxation		149,061	139,234	81,328	65,684
Other comprehensive income					
Net unrealised appreciation/ (diminution) in the fair value of investments classified as "available for sale"	4.2	4,404	(637)	345	2,587
Total comprehensive income for the period		<u>153,465</u>	<u>138,597</u>	<u>81,673</u>	<u>68,271</u>

The annexed notes 1 to 12 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Note	Half year ended December 31,		Quarter ended December 31,	
		2011	2010	2011	2010
-----Rupees in '000-----					
Undistributed income at the beginning of the period		308,215	231,742	95,581	77,000
Final Distribution for the year ended June 30, 2011 Rs.1.0201 per unit (2010: Rs. 0.65 per unit)					
- Cash Distribution		(101,483)	(67,551)	-	-
- Units under Cumulative Investment Plan		(2,093)	(12,813)	-	-
- Bonus Units		(176,791)	(147,928)	-	-
Net income for the period after taxation		149,061	139,234	81,328	65,684
Undistributed income carried forward		<u>176,909</u>	<u>142,684</u>	<u>176,909</u>	<u>142,684</u>
Undistributed income comprising of:					
Realised income		176,909	142,684	176,909	142,684
Unrealised income		-	-	-	-
		<u>176,909</u>	<u>142,684</u>	<u>176,909</u>	<u>142,684</u>

The annexed notes 1 to 12 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Note	Half year ended December 31, 2011	Half year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
-----Rupees in '000-----				
Net assets at the beginning of the period	3,055,504	3,739,773	2,528,631	2,953,746
Issue of 53,492,841 units (2010:126,152,380 units) and 34,545,511 units (2010: 36,462,246 units) for the half year and quarter ended December 31, 2011	555,434	1,282,743	362,997	377,810
Redemption of 83,941,911 units (2010:228,068,484 units) and 15,447,783 units (2010: 59,477,424 units) for the half year and quarter ended December 31, 2011	(864,355) (308,921)	(2,323,285) (1,040,542)	(164,410) 198,587	(620,870) (243,060)
Issue of 17,509,646 (2010:14,795,785) and nil unit as bonus units for the half year and quarter ended December 31, 2011	176,791	147,928	-	-
Issue of 207,298 units (2010: 1,281,583) and 152,866 units (2010: nil units) under Cumulative Investment Plan for the half year and quarter ended December 31, 2011	2,093	12,813	-	-
	<u>2,925,467</u>	<u>2,859,972</u>	<u>2,727,218</u>	<u>2,710,686</u>
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	2,705	21,414	(7,621)	12,734
Net unrealised appreciation/ (diminution) in the fair value of investments classified as 'available for sale'	4.2 4,404	(637)	345	2,587
Capital gain / (loss) on sale of investments	35	(3,000)	-	63
Other net income for the period	149,026	142,234	81,328	65,621
Final Distribution for the year ended June 30, 2011: Rs.1.0201 per unit - (Date of distribution: July 5, 2011)				-
- Cash Distribution	(101,483)	(67,551)	-	-
- Units under Cumulative Investment Plan	(2,093)	(12,813)	-	-
- Bonus Units	(176,791)	(147,928)	-	-
	<u>(131,306)</u>	<u>(89,058)</u>	<u>81,328</u>	<u>65,684</u>

**NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN
UNIT HOLDERS' FUND (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Note	Half year ended December 31, 2011	Half year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
-----Rupees in '000-----				
Net assets at the end of the period	<u>2,801,270</u>	<u>2,791,691</u>	<u>2,801,270</u>	<u>2,791,691</u>

The annexed notes 1 to 12 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	Half year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
-----Rupees in '000-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	149,061	139,234	81,328	65,684
Adjustments:				
Capital gain on sale of government securities	(35)	3,000	-	(63)
Amortisation of preliminary expenses and floatation costs	374	377	188	189
Remuneration of National Investment Trust Limited - Management Company	17,401	19,874	8,751	9,553
Sindh Sales Tax on Management Fee	2,784	-	1,400	-
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	2,705	21,414	(7,621)	12,734
	172,290	183,899	84,046	88,097
Decrease / (increase) in assets				
Investments	663,763	671,321	196,012	(153,194)
Accrued income	(14,547)	(2,723)	(28,454)	(2,687)
Advances, deposits, prepayments and other receivables	-	(3,149)	-	(15,825)
	649,216	665,449	167,558	(171,706)
(Decrease) / increase in liabilities				
Payable to National Investment Trust Limited - Management Company	42	(2,921)	25	(1,307)
Payable to Central Depository Company of Pakistan Limited - Trustee	(21)	(34)	18	15
Payable to Securities and Exchange Commission of Pakistan	(1,294)	(454)	524	573
Payable against redemption of units	(115,537)	-	-	-
Accrued expenses and other liabilities	5,212	1,448	1,641	227
	(111,598)	(1,961)	2,208	(492)
Remuneration paid to the Management Company inclusive of sales tax	(20,052)	(20,479)	(9,828)	(10,965)
Net cash inflow / (outflow) from operating activities	689,856	826,908	243,984	(95,066)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issue of units	555,434	1,282,743	362,997	377,810
Payments on redemption of units	(864,355)	(2,323,285)	(164,410)	(620,870)
Dividend paid	(101,483)	(67,515)	-	-
Net cash (outflow) / inflow from/ on financing activities	(410,404)	(1,108,057)	198,587	(243,060)

NIT - GOVERNMENT BOND FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	Half year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
-----Rupees in '000-----				
Net increase / (decrease) in cash and cash equivalents during the period	279,452	(281,149)	442,571	(338,126)
Cash and cash equivalents at the beginning of the period	168,615	341,572	5,496	398,549
Cash and cash equivalents at the end of the period	448,067	60,423	448,067	60,423

The annexed notes 1 to 12 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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

The NIT - Government Bond Fund (the Fund) was established under a Trust Deed executed between National Investment Trust Limited (NITL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. NBFC-II/NITL/896/2009 dated September 24, 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on September 4, 2009. The units of the Fund have been initially issued at Rs. 10 per unit.

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.

The Fund is an open-ended mutual fund and is listed on Karachi, Lahore and Islamabad stock exchanges. 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 November 16, 2009 to November 18, 2009 (both days inclusive).

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.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset management rating of 'AA(f)' to the fund.

The Management Company has been assigned management rating "AM2-" by JCR-VIS.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting', the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. In cases where requirements differ, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.

2.2 This condensed interim financial information is unaudited. However, a limited review has been performed by the statutory auditors in accordance with the requirements of Code Corporate Governance. This condensed interim financial information is being circulated to the unit holders as required under the NBFC Regulations.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2011.

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following new standards and amendments to existing standards are mandatory for the first time for the financial periods beginning July 1, 2011:

NIT - GOVERNMENT BOND FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan that are not yet effective

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

4 INVESTMENTS

Available for sale

Government securities:

	Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
-----Rupees in '000-----			
- Market Treasury Bills	4.1	1,630,290	2,436,135
- Pakistan Investment Bonds		192,258	45,737
- National Savings Certificates		504,036	504,036
		<u>2,326,584</u>	<u>2,985,908</u>

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

4.1 Investment in government securities - Available for sale

Issue date	Tenor	Face value			Balance as at December 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2011	Purchases during the period	Sales / matured during the period	As at December 31, 2011	Carrying value	Market value		
-----Rupees in '000-----									
Market Treasury Bills									
July 15, 2010	12 months	50,000	-	50,000	-	-	-	-	-
March 10, 2011	6 months	100,000	-	100,000	-	-	-	-	-
March 24, 2011	6 months	300,000	-	300,000	-	-	-	-	-
April 7, 2011	6 months	200,000	-	200,000	-	-	-	-	-
April 21, 2011	6 months	160,000	-	160,000	-	-	-	-	-
May 5, 2011	3 months	250,000	-	250,000	-	-	-	-	-
May 5, 2011	6 months	265,000	-	265,000	-	-	-	-	-
May 19, 2011	3 months	100,000	-	100,000	-	-	-	-	-
May 19, 2011	6 months	350,000	-	350,000	-	-	-	-	-
June 2, 2011	3 months	250,000	-	250,000	-	-	-	-	-
June 2, 2011	6 months	150,000	-	150,000	-	-	-	-	-
June 16, 2011	3 months	100,000	-	100,000	-	-	-	-	-
June 16, 2011	6 months	250,000	-	250,000	-	-	-	-	-
July 14, 2011	6 months	-	75,000	75,000	-	-	-	-	-
July 14, 2011	3 months	-	50,000	50,000	-	-	-	-	-
February 10, 2011	6 months	-	15,000	15,000	-	-	-	-	-
March 10, 2011	6 months	-	31,000	31,000	-	-	-	-	-
April 7, 2011	6 months	-	110,000	110,000	-	-	-	-	-
April 21, 2011	6 months	-	50,000	50,000	-	-	-	-	-
August 11, 2011	6 months	-	20,000	-	20,000	19,734	19,736	2	0.70%
August 25, 2011	6 months	-	100,000	-	100,000	98,191	98,238	47	3.51%
August 25, 2011	12 months	-	125,000	-	125,000	115,526	115,952	426	4.14%
September 8, 2011	12 months	-	335,000	-	335,000	308,050	309,409	1,359	11.05%
September 22, 2011	12 months	-	100,000	-	100,000	91,546	91,963	417	3.28%
October 6, 2011	12 months	-	392,000	-	392,000	358,202	358,957	755	12.81%
November 3, 2011	12 months	-	406,000	-	406,000	370,028	368,633	(1,395)	13.16%
November 17, 2011	12 months	-	40,000	-	40,000	36,302	36,165	(137)	1.29%
December 1, 2011	12 months	-	175,000	-	175,000	158,020	157,559	(461)	5.62%
December 1, 2011	3 months	-	75,000	-	75,000	73,765	73,678	(87)	2.63%
		2,525,000	2,099,000	2,856,000	1,768,000	1,629,364	1,630,290	926	0.58
Pakistan Investment Bonds									
September 3, 2009	10 years	50,000	-	-	50,000	48,738	47,725	(1,013)	1.70%
July 22, 2010	5 years	-	50,000	-	50,000	48,914	48,294	(620)	1.72%
August 18, 2011	5 years	-	50,000	-	50,000	48,467	47,723	(744)	1.70%
August 18, 2011	3 years	-	50,000	-	50,000	47,922	48,516	594	1.73%
		50,000	150,000	-	200,000	194,041	192,258	(1,783)	0.07
National Savings Certificates									
	3 years	500,000	-	-	500,000	500,000	504,036	4,036	17.99%
		3,075,000	2,249,000	2,856,000	2,468,000	2,323,405	2,326,584	3,179	0.83
									1.00

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	(Unaudited) December 31, 2011	(Audited) June 30, 2011
	-----Rupees in '000-----	
4.2 Net unrealised appreciation / (diminution) in the fair value of investments classified as 'available for sale'		
Fair value of investments	2,326,584	2,985,908
Less: Carrying value of investments	<u>(2,323,405)</u>	<u>(2,987,133)</u>
	3,179	(1,225)
Less: Net unrealised diminution in the fair value of investments at the beginning of the period / year	<u>(1,225)</u>	<u>(4,156)</u>
	<u>4,404</u>	<u>2,931</u>

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2011 and June 30, 2011.

6 WORKERS WELFARE FUND

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 Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute 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.

Subsequent to the year ended June 30, 2011, the Honourable 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, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the Sindh High Court. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 13.583 million (including Rs 3.042 million for the current period) in this condensed interim financial information.

7 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 year ending June 30, 2011 as reduced by capital gains, whether realised or unrealised, to its unit holders.

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

		-----Unaudited-----			
		Half year ended December 31, 2011	Half year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
8	EARNINGS PER UNIT	-----Rupees in '000-----			
	Net income for the period after taxation	149,061	139,234	81,328	65,684
		----- Number of units -----			
	Weighted average number of units outstanding	265,355,403	308,977,372	263,089,911	291,742,263
		-----Rupees-----			
	Earnings per unit	0.56	0.45	0.31	0.23

9 TRANSACTIONS WITH CONNECTED PERSONS

9.1 Connected persons include the Management Company (National Investment Trust Limited), 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 Fund and the directors and officers of the Management Company and the Trustee.

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

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

		-----Unaudited-----			
		Half year ended December 31, 2011	Half year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010

9.4 Transactions during the period:

National Investment Trust Limited

- Management Company

Issue of 1,936,820 bonus units (2010: 1,628,166 units)	19,556	16,265	-	-
Front end load on sale of units	42	60	25	37
Remuneration of the management company	17,401	19,874	8,751	9,553
Sindh Sales Tax on Management Fee	2,784	-	1,400	-

NIT - GOVERNMENT BOND FUND
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FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

		-----Unaudited-----			
		Half year ended December 31, 2011	Half year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
		-----Rupees in '000-----			
	Central Depository Company of Pakistan Limited - Trustee				
	Remuneration of the Trustee	1,418	1,571	712	304
	National Investment Trust Limited Provident Fund				
	Issue of 409,791 bonus units (2010: 457,924 units)	4,138	4,578	-	-
	National Investment Trust Limited Employees Pension Fund				
	Issue of 710,503 bonus units (2010: 735,731)	7,174	7,356	-	-

		(Unaudited) December 31, 2011	(Audited) June 30, 2011
		-----Rupees in '000-----	

9.5 Amounts outstanding as at period end:

National Investment Trust Limited - Management Company			
21,107,184 units held (June 30, 2011: 19,170,364 units)		225,553	213,115
Management fee and other payables		7,454	7,279
Central Depository Company of Pakistan Limited - Trustee			
Trustee fee payable		242	263
National Investment Trust Limited Provident Fund			
4,465,840 units held (June 30, 2011: 4,056,049 units)		47,722	45,091
Payable against redemption of units		-	41,938
National Investment Trust Limited Pension Fund			
7,742,953 units held (June 30, 2011: 7,032,451 units)		82,742	78,179
Payable against redemption of units		-	73,385

10 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary, for the purposes of comparison. No significant rearrangements or reclassifications were made in this condensed interim financial information.

NIT - GOVERNMENT BOND FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 6, 2012 by the Board of Directors of the Management Company.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT

NIT SEF

NIT EMOF

NIT GBF

NIT IF

NIT BRANCHES