



An Open-end Income Fund primarily investing in Government issued securities;  
NIT-GBF offers a high degree of security to investors and is an ideal Fund for investors seeking best possible returns with minimum risk.



Strength  
with  
Stability

# 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, 2012, 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, 2012. 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2012 and December 31, 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

### 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, 2012 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 7, 2013  
Karachi

### 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, 2012 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 7, 2013

**NIT - GOVERNMENT BOND FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
AS AT DECEMBER 31, 2012

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
-----Rupees in '000-----			
<b>ASSETS</b>			
Bank balances		148,769	20,716
Investments	6	4,124,490	3,103,853
Accrued income		51,758	48,892
Security deposits		100	100
Preliminary expenses and floatation costs		1,409	1,785
<b>Total assets</b>		<b>4,326,526</b>	<b>3,175,346</b>
<b>LIABILITIES</b>			
Payable to National Investment Trust Limited - Management Company		9,005	7,800
Payable to Central Depository Company of Pakistan Limited - Trustee		322	259
Payable to Securities and Exchange Commission of Pakistan		1,299	2,124
Accrued expenses and other liabilities		21,795	20,598
Payable against redemption of units		1,202	5
<b>Total liabilities</b>		<b>33,623</b>	<b>30,786</b>
<b>NET ASSETS</b>		<b>4,292,903</b>	<b>3,144,560</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>4,292,903</b>	<b>3,144,560</b>
Contingencies and commitments	7		
<b>Number of units</b>			
<b>Number of units in issue</b>		<b>408,222,845</b>	<b>283,745,263</b>
<b>----Rupees-----</b>			
<b>Net asset value per unit</b>		<b>10.5161</b>	<b>11.0823</b>

The annexed notes 1 to 14 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, 2012

	Note	Half year ended December 31, 2012	2011	Quarter ended December 31, 2012	2011
-----Rupees in '000-----					
<b>INCOME</b>					
Income from government securities		144,093	127,696	73,649	39,349
Profit on bank deposits		2,275	13,135	1,479	12,028
Mark-up on fixed income securities		45,174	37,668	22,957	35,928
Income from reverse repurchase transactions		-	65	-	65
Capital gain on sale of investments		87	35	9	-
<b>Total income</b>		<b>191,629</b>	<b>178,599</b>	<b>98,094</b>	<b>87,370</b>
<b>EXPENSES</b>					
Remuneration of National Investment Trust Limited - Management Company		21,665	17,401	11,662	8,751
Sindh Sales Tax on remuneration to Management Company		3,466	2,784	1,864	1,400
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,678	1,418	889	712
Annual fee - Securities and Exchange Commission of Pakistan		1,299	1,041	699	524
Amortisation of preliminary expenses and floatation costs		376	374	188	188
Securities transaction costs		93	95	46	43
Auditors' remuneration		173	193	148	90
Settlement and bank charges		95	272	45	216
Listing fee		60	60	-	-
Printing charges		50	50	25	50
Other charges		75	103	75	28
<b>Total expenses</b>		<b>29,030</b>	<b>23,791</b>	<b>15,641</b>	<b>12,002</b>
<b>Net income from operating activities</b>		<b>162,599</b>	<b>154,808</b>	<b>82,453</b>	<b>75,368</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		38,512	(2,705)	39,702	7,621
Provision for Workers' Welfare Fund	8	(4,023)	(3,042)	(2,444)	(1,661)
<b>Net income for the period before taxation</b>		<b>197,088</b>	<b>149,061</b>	<b>119,711</b>	<b>81,328</b>
Taxation	9	-	-	-	-
<b>Net income for the period after taxation</b>		<b>197,088</b>	<b>149,061</b>	<b>119,711</b>	<b>81,328</b>
<b>Earnings per unit (in Rupees)</b>	10	<b>0.5874</b>	<b>0.5617</b>	<b>0.3369</b>	<b>0.3091</b>

The annexed notes 1 to 14 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, 2012

	Note	Half year ended December 31,		Quarter ended December 31,	
		2012	2011	2012	2011
----- Rupees in '000 -----					
Net income for the period after taxation		197,088	149,061	119,711	81,328
<b>Other comprehensive income</b>					
Net unrealised appreciation in the fair value of investments classified as 'available for sale'	6.2	21,266	4,404	1,286	345
<b>Total comprehensive income for the period</b>		<u>218,354</u>	<u>153,465</u>	<u>120,997</u>	<u>81,673</u>

The annexed notes 1 to 14 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, 2012

	Half year ended December 31,	
	2012	2011
----- Rupees in '000 -----		
Undistributed income at the beginning of the period	342,622	308,215
Final distribution for the year ended June 30, 2012 Rs1.1094 per unit (2011: Rs 1.0201 per unit)		
- Cash distribution	(47,453)	(101,483)
- Units under cumulative investment plan	(733)	(2,093)
- Bonus units	(266,601)	(176,791)
Net income for the period after taxation	197,088	149,061
Undistributed income carried forward	<u>224,923</u>	<u>176,909</u>
<b>Undistributed income comprising of:</b>		
Realised income	224,923	176,909
Unrealised income	-	-
	<u>224,923</u>	<u>176,909</u>

The annexed notes 1 to 14 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, 2012**

	Note	Half year ended December 31,	
		2012	2011
----- Rupees in '000 -----			
<b>Net assets at the beginning of the period</b>		3,144,560	3,055,504
Issue of 194,147,361 units (2011:53,492,841 units) for the half year ended December 31, 2012		2,013,236	555,434
Redemption of 96,475,858 units (2011:83,941,911 units) for the half year ended December 31, 2012		(997,282)	(864,355)
		1,015,954	(308,921)
Issue of 26,732,581 (2011:17,509,646) as bonus units for the half year ended December 31, 2012		266,601	176,791
Issue of 73,498 units (2011: 207,298) under cumulative investment plan for the half year ended December 31, 2012		733	2,093
		4,427,848	2,925,467
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		(38,512)	2,705
Net unrealised appreciation in the fair value of investments classified as 'available for sale'	6.2	21,266	4,404
Capital gain on sale of investments		87	35
Other net income for the period		197,001	149,026
Final distribution for the year ended June 30, 2012: Rs1.1094 per unit (2011: Rs 1.0201)			
- Cash distribution		(47,453)	(101,483)
- Units under cumulative investment plan		(733)	(2,093)
- Bonus units		(266,601)	(176,791)
		(117,699)	(131,306)
<b>Net assets at the end of the period</b>		<b>4,292,903</b>	<b>2,801,270</b>

The annexed notes 1 to 14 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, 2012**

	Half year ended December 31,	
	2012	2011
----- Rupees in '000 -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	197,088	149,061
<b>Adjustments:</b>		
Capital gain on sale of government securities	(87)	(35)
Amortisation of preliminary expenses and floatation costs	376	374
Remuneration of National Investment Trust Limited - Management Company	21,665	17,401
Sindh Sales Tax on Management Company's remuneration	3,466	2,784
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(38,512)	2,705
	183,996	172,290
<b>(Increase) / decrease in assets</b>		
Investments	(999,284)	663,763
Accrued income	(2,866)	(14,547)
Advances, deposits, prepayments and other receivables	-	-
	(1,002,150)	649,216
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	20	42
Payable to Central Depository Company of Pakistan Limited - Trustee	63	(21)
Payable to Securities and Exchange Commission of Pakistan	(825)	(1,294)
Payable against redemption of units	1,197	(115,537)
Accrued expenses and other liabilities	1,197	5,212
	1,652	(111,598)
Remuneration paid to the Management Company inclusive of Sindh Sales Tax	(23,946)	(20,052)
<b>Net cash (used in) / generated from operating activities</b>	<b>(840,448)</b>	<b>689,856</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	2,013,236	555,434
Payments on redemption of units	(997,282)	(864,355)
Dividend paid	(47,453)	(101,483)
<b>Net cash generated from / (used in) financing activities</b>	<b>968,501</b>	<b>(410,404)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>128,053</b>	<b>279,452</b>
Cash and cash equivalents at the beginning of the period	20,716	168,615
<b>Cash and cash equivalents at the end of the period</b>	<b>148,769</b>	<b>448,067</b>

The annexed notes 1 to 14 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, 2012**

**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 were initially issued at Rs 10 per unit.

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.

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 a 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 a rating of 'AM2-' to the Management Company and 'AA(f)' to the Fund.

**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' (IAS 34), the Trust Deed, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the 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, the NBFC Rules, the NBFC Regulations or the said directives take precedence.

**2.2** This condensed interim financial information is unaudited. However, a review has been performed by the statutory auditors in accordance with the requirements of the 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, 2012.

**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 period beginning on or after July 1, 2012:

Amendment to IFRS 7, 'Financial instruments': The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain other new standards, amendments and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2012 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.

**NIT - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012**

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

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 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 BASIS OF MEASUREMENT**

**4.1** This condensed interim financial information has been prepared under the historical cost convention, except that certain investments, have been marked to market and are carried at fair value.

**4.2 Functional and presentation currency**

This condensed interim financial information has been presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis and the methods used for critical accounting estimates and judgments adopted in this 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 June 30, 2012.

**6 INVESTMENTS**

**Available for sale**

Government securities:

Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	-----Rupees in '000-----	
6.1	3,449,112	2,415,920
- Market Treasury Bills	205,387	217,942
- Pakistan Investment Bonds	469,991	469,991
- National Savings Certificates	4,124,490	3,103,853

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

Issue date	Tenor	Face value				Balance as at December 31, 2012			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2012	Purchases during the period	Sales / matured during the period	As at December 31, 2012	Carrying value	Market value	Appreciation / (Diminution)		
(Rupees in '000)										
<b>Market Treasury Bills</b>										
August 25, 2011	12 months	280,000	-	280,000	-	-	-	-	-	-
September 8, 2011	12 months	285,000	-	285,000	-	-	-	-	-	-
September 22, 2011	12 months	100,000	150,000	250,000	-	-	-	-	-	-
October 6, 2011	12 months	192,000	100,000	292,000	-	-	-	-	-	-
November 3, 2011	12 months	406,000	-	406,000	-	-	-	-	-	-
November 17, 2011	12 months	40,000	-	40,000	-	-	-	-	-	-
December 1, 2011	12 months	175,000	-	175,000	-	-	-	-	-	-
February 9, 2012	6 months	45,000	-	45,000	-	-	-	-	-	-
March 8, 2012	6 months	125,000	-	125,000	-	-	-	-	-	-
May 17, 2012	3 months	510,000	-	510,000	-	-	-	-	-	-
May 31, 2012	3 months	20,000	-	20,000	-	-	-	-	-	-
June 14, 2012	3 months	300,000	-	300,000	-	-	-	-	-	-
July 12, 2012	3 months	-	100,000	100,000	-	-	-	-	-	-
July 26, 2012	3 months	-	195,000	195,000	-	-	-	-	-	-
July 26, 2012	6 months	-	50,000	-	50,000	49,647	49,710	63	0.01	0.01
August 9, 2012	6 months	-	350,000	-	350,000	346,145	346,767	622	0.08	0.08
August 9, 2012	12 months	-	340,000	-	340,000	318,829	322,131	3,302	0.08	0.08
August 23, 2012	3 months	-	300,000	300,000	-	-	-	-	0.00%	0.00%
September 6, 2012	3 months	-	75,000	75,000	-	-	-	-	0.00%	0.00%
September 6, 2012	6 months	-	250,000	-	250,000	245,643	245,971	328	5.73%	5.96%
September 6, 2012	12 months	-	250,000	-	250,000	234,238	235,231	993	5.48%	5.70%



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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

Issue date	Tenor	Face value				Balance as at December 31, 2012			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2012	Purchases during the period	Sales / matured during the period	As at December 31, 2012	Carrying value	Market value	Appreciation / (Diminution)		
(Rupees in '000)										
September 20, 2012	6 months	-	170,000	-	170,000	166,421	166,682	261	3.88%	4.04%
October 4, 2012	12 months	-	205,000	-	205,000	191,293	191,569	276	4.46%	4.64%
October 18, 2012	6 months	-	300,000	-	300,000	291,994	292,124	130	6.80%	7.08%
November 1, 2012	3 months	-	250,000	-	250,000	248,576	248,551	(25)	5.79%	6.03%
November 1, 2012	6 months	-	320,000	-	320,000	310,595	310,533	(62)	7.23%	7.53%
November 15, 2012	3 months	-	135,000	-	135,000	133,763	133,753	(10)	3.12%	3.24%
November 15, 2012	6 months	-	450,000	-	450,000	435,267	435,199	(68)	10.14%	10.55%
November 29, 2012	3 months	-	280,000	-	280,000	276,447	276,449	2	6.44%	6.70%
December 13, 2012	3 months	-	100,000	-	100,000	98,383	98,388	5	2.29%	2.39%
December 13, 2012	6 months	-	100,000	-	100,000	96,041	96,054	13	2.24%	2.33%
		2,478,000	4,470,000	3,398,000	3,550,000	3,443,282	3,449,112	5,830	80%	84%
<b>Pakistan Investment Bonds</b>										
September 3, 2009	10 years	50,000	-	-	50,000	48,845	51,705	2,860	1.20%	1.25%
July 22, 2010	5 years	50,000	-	-	50,000	49,195	51,441	2,246	1.20%	1.25%
August 18, 2011	5 years	50,000	-	-	50,000	48,759	51,107	2,348	1.19%	1.24%
August 18, 2011	3 years	50,000	-	-	50,000	48,655	51,134	2,479	1.19%	1.24%
December 31, 2002	10 years	25,800	-	25,800	-	-	-	-	-	-
		225,800	-	25,800	200,000	195,454	205,387	9,933	5%	5%
<b>National Savings Certificates</b>										
	3 years	499,990	-	-	499,990	499,990	469,991	(29,999)	10.95%	11.40%
		3,203,790	4,470,000	3,423,800	4,249,990	4,138,726	4,124,490	(14,236)	96%	100%

**6.2 Net unrealised appreciation / (diminution) in the fair value of investments classified as 'available for sale'**

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
Fair value of investments	4,124,490	3,103,853
Less: Carrying value of investments	(4,138,726)	(3,139,355)
	(14,236)	(35,502)
Less: Net unrealised diminution in the fair value of investments at the beginning of the period / year	(35,502)	(1,225)
Net unrealised appreciation / (diminution) during the period / year	21,266	(34,277)

**7 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2012

**8 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 Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

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 to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, 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, without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 20.986 million (including Rs 4.023 million for the current period) in this condensed interim financial information. Had the same not been made the net asset value of the Fund would have been higher by Rs 0.0514 per unit.

**9 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, 2012 as reduced by capital gains, whether realised or unrealised, to its unit holders.

**10 EARNINGS PER UNIT**

Net income for the period after taxation

	-----Unaudited-----			
	Half year ended December 31, 2012	2011	Quarter ended December 31, 2012	2011
	-----Rupees in '000-----			
	197,088	149,061	119,711	81,328
	----- Number of units -----			
Weighted average number of units outstanding	335,503,258	265,355,403	355,365,770	263,089,911
	-----Rupees-----			
Earnings per unit	0.5874	0.5617	0.3369	0.3091

**11 TRANSACTIONS WITH CONNECTED PERSONS**

**11.1** Connected persons include 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.

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

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

**11.4** Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

**NIT - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION**  
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	-----Unaudited-----			
	Half year ended		Quarter ended	
	December 31,		December 31,	
	2012	2011	2012	2011
-----Rupees in '000-----				
<b>11.5 Transactions during the period:</b>				
<b>National Investment Trust Limited - Management Company</b>				
Issue of 28,676,302 units (2011: Nil units)	300,000	-	300,000	-
Issue of 2,347,994 bonus units (2011: 1,936,820 units)	23,416	19,556	-	-
Front end load on sale of units	20	42	12	25
Remuneration of the Management Company inclusive of Sindh Sales Tax	25,131	20,185	13,526	10,151
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	1,678	1,418	889	712
<b>National Investment Trust Limited Provident Fund</b>				
Issue of 496,787 bonus units (2011: 409,791 units)	4,954	4,138	-	-
Redemption of 979,144 units (2011: Nil units)	10,000	-	-	-
<b>National Investment Trust Limited Employees Pension Fund</b>				
Issue of 861,337 bonus units (2011: 710,503)	8,590	7,174	-	-
			(Unaudited)	(Audited)
			December 31,	June 30,
			2012	2012
			-----Rupees in '000-----	

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

<b>National Investment Trust Limited - Management Company</b>				
52,131,481 units held (June 30, 2012: 21,107,184 units)			548,220	233,916
Management fee and other payables			9,005	7,800
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee payable			322	259
<b>National Investment Trust Limited Provident Fund</b>				
3,983,483 units held (June 30, 2012: 4,465,840 units)			41,891	49,492
<b>National Investment Trust Limited Pension Fund</b>				
8,604,291 units held (June 30, 2012: 7,032,451 units)			90,484	85,810

**12 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, 2012

**13 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 7, 2013 by the Board of Directors of the Management Company.

**14 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

	<b>For National Investment Trust Limited (Management Company)</b>	
<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
<b>Managing Director</b>	<b>Director</b>	<b>Director</b>