



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**

Always look at what  
you have left. Never  
look at what you have  
lost.

## CORPORATE INFORMATION

### FUND NAME

NIT - Government Bond Fund

### NAME OF AUDITORS

A.F. Ferguson & Co. Chartered Accountants

### LIST OF BANKERS

Allied Bank Limited

Bank Al Falah Limited

Bank Al Habib Limited

NIB Bank Limited

Standard Chartered Bank (Pakistan) Limited

Summit Bank Limited (Formerly Arif Habib Bank Limited)

United Bank Limited

## NIT - GOVERNMENT BOND FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT SEPTEMBER 30, 2012

	Note	September 30, 2012 Unaudited	June 30, 2012 Audited
-----Rupees in '000-----			
<b>ASSETS</b>			
Bank balances		29,912	20,716
Investments	3	3,200,865	3,103,853
Accrued income		30,599	48,892
Security deposits		100	100
Preliminary expenses and floatation costs		1,597	1,785
<b>Total assets</b>		<u>3,263,073</u>	<u>3,175,346</u>
<b>LIABILITIES</b>			
Payable to National Investment Trust Limited - Management Company		7,952	7,800
Payable to Central Depository Company of Pakistan Limited - Trustee		266	259
Payable to Securities and Exchange Commission of Pakistan		600	2,124
Accrued expenses and other liabilities		24,678	20,598
Payable against redemption of unit		59	5
<b>Total liabilities</b>		<u>33,554</u>	<u>30,786</u>
<b>NET ASSETS</b>		<u>3,229,519</u>	<u>3,144,560</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>3,229,519</u>	<u>3,144,560</u>
Contingencies and commitments	4	-	-
-----Number of units-----			
<b>Number of units in issue</b>		<u>313,984,196</u>	<u>283,745,263</u>
-----Rupees-----			
<b>Net asset value per unit</b>		<u>10.2856</u>	<u>11.0823</u>

The annexed notes form an integral part of these financial statements.

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

## NIT - GOVERNMENT BOND FUND CONDENSED INTERIM INCOME STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30, 2012 Unaudited	September 30, 2011 Unaudited
---Rupees in '000---			
<b>INCOME</b>			
Income from government securities		70,444	88,347
Profit on bank deposits		796	1,107
Markup on fixed income securities		22,217	1,740
Income from reverse repurchase transactions		-	-
Capital gain / (loss) on sale of government securities		78	35
<b>Total income</b>		<u>93,534</u>	<u>91,229</u>
<b>EXPENSES</b>			
Remuneration of National Investment Trust Limited - Management Company		10,003	8,650
Sindh Sales tax on remuneration of Management Company		1,600	1,384
Remuneration of Central Depository Company of Pakistan Limited - Trustee		789	706
Annual fee - Securities and Exchange Commission of Pakistan		600	517
Amortisation of preliminary expenses and floatation costs		188	186
Bank charges		50	56
Listing fee		60	60
Printing charges		25	-
Auditors' remuneration		25	103
Securities transaction costs		47	52
Others		-	75
<b>Total expenses</b>		<u>13,388</u>	<u>11,789</u>
<b>Net income from operating activities</b>		<u>80,146</u>	<u>79,440</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		(1,190)	(10,326)
Workers' welfare fund		(1,579)	(1,381)
<b>Net income for the period before taxation</b>		<u>77,377</u>	<u>67,733</u>
Taxation		-	-
<b>Net income for the period after taxation</b>		<u>77,377</u>	<u>67,733</u>
<b>Earnings per unit (in Rupees)</b>	7	<u>0.2451</u>	<u>0.2754</u>

The annexed notes form an integral part of these financial statements.

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

## NIT - GOVERNMENT BOND FUND CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30, 2012 Unaudited ---Rupees in '000---	September 30, 2011 Unaudited ---Rupees in '000---
Net income for the period after taxation		77,377	67,733
<b>Other comprehensive income for the period</b>			
Net unrealised appreciation / (diminution) in the fair value of investments classified as "available for sale"	3.2	19,980	4,059
<b>Total comprehensive income for the period</b>		<u>97,357</u>	<u>71,792</u>

The annexed notes form an integral part of these financial statements.

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

## NIT - GOVERNMENT BOND FUND CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012 Unaudited ---Rupees in '000---	September 30, 2011 Unaudited ---Rupees in '000---
Undistributed income brought forward		
- Realised Income	342,622	308,215
Final Distribution for the year ended June 30, 2012: Rs.1.1094 per unit (2011: Rs.1.0201 per unit)		
- Cash Distribution	(47,453)	(101,483)
- Units under Cumulative Plan	(733)	(2,093)
- Bonus Units	(266,601)	(176,791)
Net income for the period after taxation	77,377	67,733
Undistributed income carried forward	<u>105,212</u>	<u>95,581</u>
<b>Undistributed income comprising of:</b>		
Realised income	105,212	95,581
Unrealised income	-	-
	<u>105,212</u>	<u>95,581</u>

The annexed notes form an integral part of these financial statements.

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

Note	September 30, 2012 Unaudited ---Rupees in '000---	September 30, 2011 Unaudited ---Rupees in '000---
<b>Net assets at the beginning of the period</b>	3,144,560	3,055,504
Issue of 48,955,542 units (2011: 18,947,330 units)	496,925	192,437
Redemption of 45,522,688 units (2011: 68,494,128)	(463,060)	(699,945)
	33,865	(507,508)
Issue of 26,732,581 bonus units (2011: 17,509,646)	266,601	176,791
Issue of 73,498 units under Cumulative Investment Plan (2011: 207,298)	733	2,093
	3,445,759	2,726,880
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	1,190	10,326
Net unrealised appreciation / (diminution) in the fair value of investments classified as "available for sale"	3.2 19,980	4,059
Capital gain on sale of investments	78	35
Other net income for the period	77,299	67,698
Final Distribution for the year ended June 30, 2012: Rs.1.1094 per unit (2011: Rs.1.0201 per unit)		
- Cash Distribution	(47,453)	(101,483)
- Units under Cumulative Plan	(733)	(2,093)
- Bonus Units	(266,601)	(176,791)
	(237,410)	(212,634)
<b>Net assets at the end of the period</b>	<b>3,229,519</b>	<b>2,528,631</b>

The annexed notes form an integral part of these financial statements.

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

# NIT - GOVERNMENT BOND FUND CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012 Unaudited ---Rupees in '000---	September 30, 2011 Unaudited ---Rupees in '000---
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	77,377	67,733
<b>Adjustments for non-cash items</b>		
Amortisation of preliminary expenses and floatation costs	188	186
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	1,190	10,326
	78,755	78,245
<b>(Increase) / decrease in assets</b>		
Investments	(77,032)	467,716
Accrued income	18,293	13,907
Un Amortized Listing Fee	-	-
	(58,739)	481,623
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	152	(173)
Payable to Central Depository Company of Pakistan Limited - Trustee	7	(39)
Payable to Securities and Exchange Commission of Pakistan	(1,524)	(1,818)
Accrued expenses and other liabilities	1,376	(111,966)
	10	(113,996)
<b>Net cash inflow on operating activities</b>	<b>20,026</b>	<b>445,872</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	496,925	192,437
Dividend paid	(44,695)	(101,483)
Payments on redemption of units	(463,060)	(699,945)
<b>Net cash outflow from financing activities</b>	<b>(10,830)</b>	<b>(608,991)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>9,196</b>	<b>(163,119)</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>29,912</b>	<b>5,496</b>

The annexed notes form an integral part of these financial statements.

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 STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The NIT - Government Bond Fund (the Fund) was established under a Trust Deed executed between National Investment Trust Limited (NITL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. NBFC-II/NITL/896/2009 dated 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.

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.

1.4 Pakistan Credit Rating Agency Limited (PACRA) has assigned "AA(f)" rating to the Fund based on the performance during the period ended July 31, 2012.

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

1.5 The objective of the Fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in government securities.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

2.1.1 This condensed interim financial information is being submitted to the unit holders as required under regulation 38(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

2.1.2 The disclosure made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: "Interim Financial Reporting".

2.1.3 These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2012.

### 3 INVESTMENTS

#### Available for sale

Government securities:

- Market Treasury Bills
- Pakistan Investment Bond
- National Savings Certificate

Note	September 30, 2012 Unaudited	June 30, 2012 Audited
3.1	2,500,444	2,415,920
	230,430	217,942
	469,991	469,991
	<u>3,200,865</u>	<u>3,103,853</u>

# NIT - GOVERNMENT BOND FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 3.1 Investment in government securities - Available for sale

Issue date	Tenor	Face value				Balance as at September 30, 2012			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at June 30, 2012	Purchases during the period	Sales / matured during the period	As at September 30, 2012	Book Value	Market value	Appreciation / (Diminution)		
(Rupees in '000)										
<b>Market Treasury Bills</b>										
August 25, 2011	12 months	280,000		280,000	-	-	-	-	0.00%	0%
September 8, 2011	12 months	285,000		285,000	-	-	-	-	0.00%	0%
September 22, 2011	12 months	100,000	150,000	250,000	-	-	-	-	0.00%	0%
October 6, 2011	12 months	192,000	100,000	205,000	87,000	86,927	86,901	(26)	2.69%	3%
November 3, 2011	12 months	406,000			406,000	402,344	402,344	-	12.46%	13%
November 17, 2011	12 months	40,000			40,000	39,478	39,486	8	1.22%	1%
December 1, 2011	12 months	175,000			175,000	171,970	172,087	117	5.33%	5%
December 1, 2011	3 months	-			-	-	-	-	0.00%	0%
February 9, 2012	6 months	45,000		45,000	-	-	-	-	0.00%	0%
February 23, 2012	3 months	-			-	-	-	-	0.00%	0%
March 8, 2012	6 months	125,000		125,000	-	-	-	-	0.00%	0%
March 22, 2012	3 months	-			-	-	-	-	0.00%	0%
May 17, 2012	3 months	510,000		510,000	-	-	-	-	0.00%	0%
May 31, 2012	3 months	20,000		20,000	-	-	-	-	0.00%	0%
June 14, 2012	3 months	300,000		300,000	-	-	-	-	0.00%	0%
July 12, 2012	3 months	-	100,000		100,000	99,934	99,886	(48)	3.09%	3%
July 26, 2012	6 months	-	50,000		50,000	48,237	48,451	214	1.50%	2%
August 9, 2012	6 months	-	350,000		350,000	336,710	337,913	1,203	10.46%	11%
August 9, 2012	12 months	-	340,000		340,000	310,077	313,063	2,986	9.69%	10%
August 23, 2012	3 months	-	300,000		300,000	296,239	296,144	(95)	9.17%	9%
September 6, 2012	3 months	-	75,000		75,000	73,783	73,751	(32)	2.28%	2%
September 6, 2012	6 months	-	250,000		250,000	239,476	239,598	122	7.42%	7%
September 6, 2012	12 months	-	250,000		250,000	228,324	228,482	158	7.07%	7%
September 20, 2012	6 months	-	170,000		170,000	162,253	162,338	85	5.03%	5%
		<u>2,478,000</u>	<u>2,135,000</u>	<u>2,020,000</u>	<u>2,593,000</u>	<u>2,495,752</u>	<u>2,500,444</u>	<u>4,692</u>	<u>77.42%</u>	<u>78%</u>
<b>Pakistan Investment Bond</b>										
September 3, 2009	10 years	50,000	-	-	50,000	48,817	51,663	2,846	1.60%	2%
July 22, 2010	5 years	50,000	-	-	50,000	49,128	51,207	2,079	1.59%	2%
August 18, 2011	5 years	50,000			50,000	48,690	51,026	2,336		
August 18, 2011	3 years	50,000			50,000	48,469	50,820	2,351		
December 31, 2012	10 years	25,800			25,800	25,541	25,714	173		
<b>National Savings Certificate</b>										
	3 years	499,990	-	-	499,990	499,990	469,991	(29,999)	14.55%	15%
		<u>3,203,790</u>	<u>2,135,000</u>	<u>2,020,000</u>	<u>3,318,790</u>	<u>3,216,387</u>	<u>3,200,865</u>	<u>(15,522)</u>	<u>99.11%</u>	<u>100%</u>

# NIT - GOVERNMENT BOND FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	(Unaudited) September 30 2012	(Unaudited) September 30 2011
	-----Rupees in '000-----	
<b>3.2 Net unrealised diminution in the fair value of</b>		
Fair value of investments	3,200,865	2,522,251
Less: Carrying value of investments	(3,216,387)	(2,519,417)
	(15,522)	2,834
Less: Net un realised appreciation / (diminution) in fair value of investments at the beginning of the period	(35,502)	(1,225)
	<u>19,980</u>	<u>4,059</u>

#### 4 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2012.

#### 5 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.

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 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 (SHC). However, without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting Rs.18.542 million (including Rs.1.579 million for the current period) in these financial statements. Had the same not been made the net asset value per unit of fund would have been higher by Rs.0.0591 per unit.

#### 6 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 for the current period 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 STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	(Unaudited) September 30 2012	(Unaudited) September 30 2011
	-----Rupees in '000-----	
<b>7 EARNINGS PER UNIT - BASIC AND DILUTED</b>		
Net income for the period after taxation	<u>77,377</u>	<u>67,733</u>
	----- Number of units -----	
Weighted average number of units outstanding during the period	<u>315,641,827</u>	<u>245,946,581</u>
	-----Rupees in '000-----	
Earnings per unit	<u>0.2451</u>	<u>0.2754</u>

#### 8 TRANSACTIONS WITH CONNECTED PERSONS

The details of significant transactions carried out by the Fund with connected person and balances

	(Unaudited) September 30 2012	(Unaudited) September 30 2011
	-----Rupees in '000-----	
<b>Transactions during the period:</b>		
<b>National Investment Trust Limited - Management Company</b>		
Issue of Nil units (2010: Nil)	-	-
Issue of 2,347,994 of bonus units (2010: 1,170,242 units)	23,417	19,556
Units redeemed Nil (2010: Nil)	-	-
Front end load on sale of units	8	17
Management fee for the period	10,003	8,650
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	789	706
<b>Directors &amp; management personnel</b>		
Unit issued Nil (2011: Nil units)	-	-
	(Unaudited) September 30 2012	(Audited) June 30 2012
	-----Rupees in '000-----	
<b>Amounts outstanding as at period end:</b>		
<b>National Investment Trust Limited - Management Company</b>		
23,455,179 units held (June 30, 2012: 21,107,184 units)	241,138	233,916
Management fee and other payables	7,952	7,800
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	266	259

# NIT - GOVERNMENT BOND FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

### FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	(Unaudited) September 30 2012	(Audited) June 30 2012
	-----Rupees in '000-----	
<b>National Investment Trust Limited - Provident Fund</b>		
3,983,483 units held (June 30, 2012: 4,465,840 units)	40,953	49,492
<b>National Investment Trust Limited - Pension Fund</b>		
8,604,291 units held (June 30, 2012: 7,742,953 units)	88,459	85,810

#### 9 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **October 11, 2012** by the Board of Directors of the Management Company.

#### 10 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