

TRUSTEE REPORT TO THE UNIT HOLDERS

NIT - INCOME 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 - Income 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 - INCOME 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- Income 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 - INCOME 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		
	297,877	195,661
4	1,801,522	1,831,049
	19,958	9,697
	100	100
	2,714	3,150
	-	125,000
	2,122,171	2,164,657
LIABILITIES		
	7,360	6,892
	220	214
	753	1,525
	11,960	6,663
	1	135,636
	20,294	150,930
	2,101,877	2,013,727
	2,101,877	2,013,727
CONTINGENCIES AND COMMITMENTS		
6	-----Number of units-----	
	194,931,791	179,749,934
	-----Rupees-----	
	10.7826	11.2029

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 - INCOME FUND
CONDENSED INTERIM INCOME 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 -----					
INCOME					
Income from government securities		85,558	94,253	39,857	43,151
Profit on bank deposits		5,118	4,506	4,175	2,902
Income from term finance certificates		39,788	27,874	20,131	14,046
Income from sukuk		2,973	-	2,973	-
Income from term deposit receipts		1,633	-	-	-
Income from certificate of investment		414	-	414	-
Income from letter of placement		125	-	-	-
Participation fee		500	-	-	-
Amortisation of (premium)/discount on term finance certificates-net		(15)	17	(191)	(144)
Capital gain/(loss) on sale of investments		1,176	(774)	1,176	(524)
Total income		137,270	125,876	68,535	59,431
EXPENSES					
Remuneration of National Investment Trust Limited - Management Company		12,598	12,758	6,467	6,058
Sindh Sales Tax on remuneration to Management Company		2,015	-	1,034	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,282	1,525	653	737
Annual fee - Securities and Exchange Commission of Pakistan		753	766	386	364
Custodian charges of Central Depository Company of Pakistan Limited		3	3	1	1
Amortisation of preliminary expenses and floatation costs		436	438	218	220
Settlement and bank charges		49	145	9	76
Securities transaction costs		96	41	46	30
Listing fee		60	36	-	12
Auditors' remuneration		190	276	90	126
Printing charges		50	50	50	25
Rating fee		100	-	25	-
Total expenses		17,632	16,038	8,979	7,649
Net income from operating activities		119,638	109,838	59,556	51,782
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		5,206	(13,128)	3,809	(9,885)
Provision for Workers' Welfare Fund	7	(2,496)	(1,136)	(1,266)	(15)
Net income for the period before taxation		122,348	95,574	62,099	41,882

NIT - INCOME FUND
CONDENSED INTERIM INCOME 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 -----					
Taxation	8	-	-	-	-
Net income for the period after taxation		122,348	95,574	62,099	41,882
Earnings per unit (in Rupees)	9	0.6420	0.4826	0.3227	0.2259

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 - INCOME 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		122,348	95,574	62,099	41,882
Other comprehensive income for the period					
Net unrealised appreciation/(diminution) in the fair value of investments classified as 'available for sale'	4.7	4,170	3,630	(2,856)	5,110
Total comprehensive income for the period		<u>126,518</u>	<u>99,204</u>	<u>59,243</u>	<u>46,992</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 - INCOME FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31,		Quarter ended December 31,	
	2011	2010	2011	2010
-----Rupees in '000-----				
Undistributed income brought forward comprising:				
Realised income	215,440	86,413	85,496	62,407
Unrealised income	-	-	-	-
	<u>215,440</u>	<u>86,413</u>	<u>85,496</u>	<u>62,407</u>
Final distribution for the period ended June 30, 2011: Rs.1.0581 per unit (2010: Rs. 0.35 per unit)				
- Bonus Units	(97,386)	(44,034)	-	-
- Cash Distribution	(89,153)	(29,486)	-	-
- CIP Units	(3,654)	(4,178)	-	-
Net income for the period after taxation	122,348	95,574	62,099	41,882
Undistributed income carried forward	<u>147,595</u>	<u>104,289</u>	<u>147,595</u>	<u>104,289</u>
Undistributed income comprising :				
Realised income	147,595	104,289	147,595	104,289
Unrealised income	-	-	-	-
	<u>147,595</u>	<u>104,289</u>	<u>147,595</u>	<u>104,289</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 - INCOME 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,		Quarter ended December 31,	
		2011	2010	2011	2010
		----- Rupees in '000 -----			
Net assets at the beginning of the period		2,013,727	2,296,257	1,981,838	2,019,682
Issue of units 22,275,863 (2010: 42,756,156 units) and 16,183,012 units (2010: 31,059,717 units) for the half year and quarter ended December 31, 2011		235,504	439,470	172,714	320,814
Redemption of 17,053,757 units (2010: 94,243,085 units) and 10,104,003 units (2010: 52,643,461 units) for the half year and quarter ended December 31, 2011		(179,513)	(967,437)	(108,109)	(546,237)
		55,991	(527,967)	64,605	(225,423)
Issue of 9,599,587 bonus units (2010: 4,406,122 units)		97,386	44,034	-	-
Issue of 360,164 units under Cumulative Investment Plan (2010: 418,079 units)		3,654	4,178	-	-
		2,170,758	1,816,502	2,046,443	1,794,259
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		(5,206)	13,128	(3,809)	9,885
Net unrealised appreciation / (diminution) in the fair value of investments classified as "available for sale"	4.7	4,170	3,630	(2,856)	5,110
Capital gain/(loss) on sale of investments		1,176	(774)	1,176	(524)
Other net income for the period		121,172	96,348	60,923	42,406
Final Distribution for the year ended June 30, 2011: Rs.1.0581 per unit (2010: Rs.0.35 per unit)					
- Bonus Units		(97,386)	(44,034)	-	-
- Cash Distribution		(89,153)	(29,486)	-	-
- Units under Cumulative Plan		(3,654)	(4,178)	-	-
		(67,845)	17,876	62,099	41,882
Net assets at the end of the period		2,101,877	1,851,136	2,101,877	1,851,136

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 - INCOME FUND
CONDENSED INTERIM CASH FLOW 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-----			
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period before taxation		122,348	95,574	62,099	41,882
Adjustments :					
Amortisation of preliminary expenses and floatation costs		436	438	218	220
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		(5,206)	13,128	(3,809)	9,885
Amortisation of premium/(discount) on term finance certificates-net		15	(17)	191	144
Capital (gain) / loss on sale of investments		(1,176)	774	(1,176)	524
Remuneration of National Investment Trust Limited					
- Management Company		12,598	12,758	6,467	6,058
Sindh Sales Tax on remuneration to Management Company		2,015	-	1,034	-
Listing Fee		-	36	-	12
Profit on bank deposits		(5,118)	(4,506)	(4,175)	(2,902)
		125,912	118,185	60,849	55,823
Decrease/(increase) in assets					
Investments		34,873	441,768	149,992	114,486
Accrued income		(8,075)	(477)	2,503	6,411
Receivable against sale of unit		125,000	207,736	-	-
Security deposit		-	(24)	-	12
		151,798	649,003	152,495	120,909
(Decrease)/increase in liabilities					
Payable to National Investment Trust Limited					
- Management Company		25	34	15	15
Payable to Central Depository Company of Pakistan Limited - Trustee		6	(70)	14	(3)
Payable to Securities and Exchange Commission of Pakistan		(772)	(83)	386	363
Payable against redemption of units		(135,635)	(212,508)	1	-
Accrued expenses and other liabilities		5,297	999	2,329	157
		(131,079)	(211,628)	2,745	532
Remuneration paid to the Management Company inclusive of sales tax		(14,186)	(13,688)	(7,301)	(6,275)
Profit received on bank deposit		2,933	4,015	1,713	2,721
Net cash inflow on operating activities		135,378	545,887	210,501	173,710
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts from issue of units		235,504	439,470	172,714	321,179
Distribution paid		(89,153)	(29,486)	-	-
Payments on redemption of units		(179,513)	(967,437)	(108,109)	(546,602)
Net cash outflow from financing activities		(33,162)	(557,453)	64,605	(225,423)
Net increase in cash and cash equivalents during the period		102,216	(11,566)	275,106	(51,713)

NIT - INCOME FUND
CONDENSED INTERIM CASH FLOW 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-----			
Cash and cash equivalents at the beginning of the period	195,661	59,470	22,771	99,617
Cash and cash equivalents as at December 31, 2011.	<u>297,877</u>	<u>47,904</u>	<u>297,877</u>	<u>47,904</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 - INCOME 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

1.1 The NIT - Income 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/1026/2009 dated November 20, 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on September 17, 2009. The units of the Fund have been initially issued at Rs. 10 per unit.

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.

The Fund is an open-ended mutual fund. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at par from February 15, 2010 to February 19, 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. However, subsequent to the initial period i.e., after February 19, 2010 units are being offered in accordance with the basis specified in the offering document.

1.3 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.

1.4 Pakistan Credit Rating Agency Limited (PACRA) has assigned a rating of AA- 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 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 adopted 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 period ended June 30, 2011.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 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:

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 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

	Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
Government securities - Market Treasury Bills	4.1	1,036,497	1,353,167
Government securities - Pakistan Investment Bond	4.1	96,017	-
Term finance certificates - listed	4.2 & 4.5	303,238	222,033
Term finance certificates - unlisted	4.3 & 4.5	265,770	255,849
Sukuk	4.4	50,000	-
Certificate of Investment	4.6	50,000	-
		<u>1,801,522</u>	<u>1,831,049</u>

NIT - INCOME 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	Cost	Market value		
(Rupees in '000)									
Market Treasury Bills									
February 10, 2011	6 months	-	35,000	35,000	-	-	-	-	-
March 10, 2011	6 months	-	20,000	20,000	-	-	-	-	-
March 24, 2011	6 months	125,000	-	125,000	-	-	-	-	-
April 07, 2011	6 months	-	40,000	40,000	-	-	-	-	-
April 21, 2011	3 months	20,000	-	20,000	-	-	-	-	-
May 05, 2011	3 months	300,000	-	300,000	-	-	-	-	-
May 05, 2011	6 months	460,000	75,000	535,000	-	-	-	-	-
May 19, 2011	3 months	150,000	-	150,000	-	-	-	-	-
May 19, 2011	6 months	345,000	-	345,000	-	-	-	-	-
June 02, 2011	3 months	-	150,000	150,000	-	-	-	-	-
June 16, 2011	3 months	-	25,000	25,000	-	-	-	-	-
July 14, 2011	6 months	-	50,000	-	50,000	49,806	49,790	(16)	2%
July 28, 2011	3 months	-	150,000	150,000	-	-	-	-	0%
August 11, 2011	6 months	-	135,000	-	135,000	133,206	133,220	14	6%
August 11, 2011	12 months	-	50,000	-	50,000	46,433	46,582	149	2%
August 25, 2011	6 months	-	100,000	-	100,000	98,192	98,238	46	5%
September 08, 2011	12 months	-	35,000	-	35,000	32,184	32,326	142	2%
September 22, 2011	12 months	-	100,000	25,000	75,000	68,668	68,972	304	3%
October 06, 2011	12 months	-	56,000	50,000	6,000	5,483	5,494	11	0%
November 03, 2011	12 months	-	502,000	-	502,000	457,539	455,797	(1,742)	22%
November 03, 2011	6 months	-	105,000	-	105,000	101,062	100,871	(191)	5%
November 17, 2011	12 months	-	150,000	100,000	50,000	45,408	45,207	(201)	2%
		1,400,000	1,778,000	2,070,000	1,108,000	1,037,981	1,036,497	(1,484)	49%
Pakistan Investment Bond									
July 22, 2010	5 years	-	50,000	-	50,000	48,914	48,294	(620)	2%
August 18, 2011	5 years	-	50,000	-	50,000	48,467	47,723	(744)	2%
		-	100,000	-	100,000	97,381	96,017	(1,364)	4%
		1,400,000	1,878,000	2,070,000	1,208,000	1,135,362	1,132,514	(2,848)	53%

4.2 Term finance certificates - listed

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

Name of the investee company	Number of certificates			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	Disposed during the period	As at December 31, 2011	Cost	Market value		
(Rupees in '000)								
Commercial banks								
Askari Bank Limited	16,000	-	-	16,000	80,708	81,837	1,129	4%
NIB Bank Limited	5,000	-	-	5,000	24,112	24,467	355	1%
United Bank Limited	10,000	-	3,000	7,000	33,113	34,846	1,733	2%
Summit Bank Limited	-	20,000	-	20,000	100,000	96,132	(3,868)	5%
	31,000	20,000	3,000	48,000	237,933	237,282	(651)	12%
Fertilizer								
Engro Fertilizer Limited	13,000	-	-	13,000	65,531	65,956	425	3%
	44,000	20,000	3,000	61,000	303,464	303,238	(226)	15%

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

4.3 Term finance certificates - unlisted

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

Name of the investee company	Number of certificates				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	Disposed during the period	As at December 31, 2011	Cost	Market value	Appreciation / (Diminution)		
-----Rupees in '000-----									
Commercial banks									
Bank Al-Falah Limited (Fixed)	7,000	-	-	7,000	35,228	36,034	806	2%	2%
Bank Al-Falah Limited (Floating)	14,000	-	-	14,000	70,605	70,224	(381)	3%	4%
Bank Al-Habib Limited (June 2009)	10,000	-	-	10,000	51,907	53,512	1,605	3%	3%
Bank Al-Habib Limited (June 2011)	20,000	-	-	20,000	100,000	106,000	6,000	5%	6%
	51,000	-	-	51,000	257,740	265,770	8,030	13%	15%

4.4 Short Term Sukuk - unlisted

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

Name of the investee company	Number of certificates				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	Disposed during the period	As at December 31, 2011	Cost	Market value	Appreciation / (Diminution)		
-----Rupees in '000-----									
Hub Power Company Limited	-	10,000	-	-	50,000	50,000	-	2%	3%

4.5 Significant terms and conditions of term finance certificates and short term sukuk's outstanding at the period end are as follows:

Name of security	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / unsecured	Rating
Listed term finance certificates							
Askari Bank Limited	16,000	4,996	6-months KIBOR + 2.50%	November 18, 2009	10 years	Unsecured	AA-
NIB Bank Limited	5,000	4,993	6-months KIBOR + 1.15%	March 5, 2008	8 years	Unsecured	A+
United Bank Limited	7,000	4,993	6-months KIBOR + 0.85%	February 14, 2008	10 years	Unsecured	AA
Engro Fertilizers Limited	13,000	4,996	6-months KIBOR + 2.40%	December 17, 2009	7 years	Secured	AA
Summit Bank Limited	20,000	5,000	6-months KIBOR + 3.25%	October 27, 2011	7 years	Secured	A
Unlisted term finance certificates							
Bank Al-Falah Limited (Fixed)	7,000	4,996	15.00%	December 2, 2009	8 years	Unsecured	AA-
Bank Al-Falah Limited (Floating)	14,000	4,996	6-months KIBOR + 2.50%	December 2, 2009	8 years	Unsecured	AA-
Bank Al-Habib Limited (June 2009)	10,000	4,990	15.50%	June 15, 2009	8 years	Unsecured	AA
Bank Al-Habib Limited (June 2011)	20,000	4,999	15.00%	June 30, 2009	10 years	Unsecured	AA
Unlisted short term sukuk							
Hub Power Company Limited	10,000	5,000	6-months KIBOR + 1.10%	August 4, 2011	6 months	Unsecured	N/A

4.6 Certificate of Investment

Rs.50 million worth Certificate of Investment are obtained from Pak Libya Holding Company Pvt Ltd at markup of 12.60%.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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

Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
-----Rupees in '000-----		
Market value of investments	1,801,522	1,831,049
Less: Cost of investments	1,796,566	1,830,263
	4,956	786
Less: Net unrealised appreciation in the fair value of investments at the beginning of period	786	(10,089)
	4,170	10,875

5 COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Management Company of the Fund has classified the Fund as 'Income Scheme' in accordance with the requirements of the aforementioned circular. As at December 31, 2011 the Fund is compliant with all the requirements of the said circular except for clause 9(viii) which requires that the weighted average time to maturity of the net assets of the Fund shall not exceed 4 years excluding securities issued by the Federal Government.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
Weighted average time to maturity of the net assets*	Net assets of the Fund excluding Federal Government securities	969,363	-	969,363	Not applicable	Not applicable

* Presently, the weighted average time to maturity of the net assets of the Fund excluding Federal Government Securities is 4.01 years.

The Management Company of the Fund is taking steps to ensure compliance with the aforementioned requirement.

6 CONTINGENCIES AND COMMITMENTS

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

7 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.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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 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 SHC. 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 8.36 million (including Rs 2.496 million for the current period) in this condensed interim financial information.

8 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 of the Fund 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.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11(A) of part IV of the second schedule to the Income Tax Ordinance, 2001.

----- 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-----			

9 EARNINGS PER UNIT

Net income for the period after taxation	122,348	95,574	62,099	41,882
----- (Number of units)-----				
Weighted average number of units outstanding during the period	190,578,244	198,049,138	192,449,421	185,429,185
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Earnings per unit	0.6420	0.4826	0.3227	0.2259

10 TRANSACTIONS WITH CONNECTED PERSONS

10.1 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 Fund and directors and officers of the Management Company and the Trustee.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

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

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

10.4 Details of transactions with connected persons during the period are as follows:

	----- 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-----				
National Investment Trust Limited				
- Management Company				
Issue of 3,850,438 bonus units (2010: 1,249,150 units)	39,062	12,484	-	-
Front end load on sale of units	25	48	15	38
Remuneration of the Management Company	12,598	12,758	6,467	6,058
Sindh Sales Tax on remuneration to Management Company	2,015	-	1,034	-
National Investment Trust Limited				
- Employees Provident Fund				
Issue of 241,580 bonus units (2010: 84,644 units)	2,451	846	-	-
National Investment Trust Limited				
- Employees Pension Fund				
Issue of 975,148 bonus units (2010: 423,221 units)	9,893	4,230	-	-
Redemption of Nil units (2010: 2,465,900 units)	-	25,025	-	-
Central Depository Company of Pakistan				
Limited - Trustee				
Trustee fee for the period	1,282	1,525	653	737
Directors & management personnel				
Issue of 2,159 bonus units (2010: 423,221 units)	22	7	-	-
Redemption of 22,589 units (2010: Nil units)	239	-	-	-

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

10.5 Amounts outstanding at the end of the period:

	<u>(Unaudited)</u> December 31, 2011	<u>(Audited)</u> June 30, 2011
	-----Rupees in '000-----	
National Investment Trust Limited - Management Company		
40,767,479 units held (June 30, 2011: 36,917,042 units)	439,518	413,578
Management fee payable	7,360	2,116
Formation cost and other initial charges payable	-	4,484
Sales load payable	-	292
National Investment Trust Limited - Employees Provident Fund		
2,557,789 units held (June 30, 2011: 2,316,209 units)	27,576	25,948
National Investment Trust Limited - Employees Pension Fund		
10,324,630 units held (June 30, 2011: 9,349,481 units)	111,311	104,741
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	220	214
Security Deposit	100	100
Directors & management personnel		
Nil units held (June 30, 2011: 20,700 units)	-	232

11 DATE OF AUTHORISATION FOR ISSUE

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

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand Rupees.

12.2 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.

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

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director