



An Open-end Income Fund primarily investing in portfolio of fixed income securities; NIT-IF offers a high degree of security to investors and is an ideal Fund for investors seeking competitive stream of returns with moderate level of risk.

Assurance in Income

If you stand for a reason, be prepared to stand like a Tree. If you fall on the ground, fall as a Seed that grows back to fight again.

CORPORATE INFORMATION

FUND NAME

NIT - Income Fund

NAME OF AUDITORS

A.F. Ferguson & Co. Chartered Accountants

LIST OF BANKERS

Allied Bank Limited

Bank Al Habib Limited

NIB Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Summit Bank Limited (Formerly Arif Habib Bank Limited)

NIT - INCOME FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT SEPTEMBER 30, 2012

	Note	September 30, 2012 Unaudited -----Rupees in '000-----	June 30, 2012 Audited
ASSETS			
Bank balances		38,496	91,737
Investments	4	2,765,767	2,534,290
Accrued income		28,730	19,720
Security deposits		100	100
Preliminary expenses and floatation costs		2,064	2,282
Receivable against sale of units		-	-
Total assets		2,835,157	2,648,129
LIABILITIES			
Payable to National Investment Trust Limited - Management Company		8,196	7,839
Payable to Central Depository Company of Pakistan Limited - Trustee		264	244
Payable to Securities and Exchange Commission of Pakistan		506	1,607
Accrued expenses and other liabilities		18,235	15,327
Payable against redemption of units		1,279	938
Total liabilities		28,479	25,955
NET ASSETS		2,806,678	2,622,174
Unit holders' fund (as per statement attached)		2,806,678	2,622,174
Contingencies and commitments	5	-	-
		-----Number of units-----	
Number of units in issue		264,696,140	230,084,039
		-----Rupees-----	
Net asset value per unit		10.6034	11.3966

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 - INCOME FUND CONDENSED INTERIM INCOME STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30, 2012 Unaudited ---Rupees in '000---	September 30, 2011 Unaudited ---Rupees in '000---
INCOME			
Income from government securities		48,513	45,701
Profit on bank deposits		1,373	943
Income from term finance certificates		22,841	19,657
Income from term deposit receipt		-	1,633
Income from certificate of investment		8,231	-
Amortisation of discount on term finance certificates		228	215
Capital gain/(loss) on sale of investments		158	-
Other Income		542	625
Total income		81,887	68,774
EXPENSES			
Remuneration of National Investment Trust Limited - Management Company		8,432	6,131
Sales tax on Management Company's Remuneration		1,349	981
Remuneration of Central Depository Company of Pakistan Limited - Trustee		788	629
Annual fee - Securities and Exchange Commission of Pakistan		506	367
CDS charges by Central Depository Company of Pakistan Limited		2	2
Amortisation of preliminary expenses and floatation costs		218	218
Amortisation of premium on term finance certificates		52	39
Settlement and bank charges		64	40
Securities transaction costs		56	50
Listing fee		60	60
Auditors' remuneration		25	100
Printing charges		25	-
Others		-	75
Total expenses		11,576	8,692
Net income from operating activities		70,311	60,082
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		11,772	1,397
Workers' welfare fund		(1,645)	(1,230)
Net income for the period before taxation		80,438	60,249

NIT - INCOME FUND
CONDENSED INTERIM INCOME STATEMENT
 FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30, 2012 Unaudited ---Rupees in '000---	September 30, 2011 Unaudited ---Rupees in '000---
Taxation	7	-	-
Net income for the period after taxation		<u>80,438</u>	<u>60,249</u>
Earnings per unit (in Rupees)	8	<u>0.3115</u>	<u>0.3458</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 - INCOME 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		80,438	60,249
Other comprehensive income for the period			
Net unrealised appreciation / (diminution) in the fair value of investments classified as "available for sale"	4.7	12,533	7,026
Total comprehensive income for the period		<u>92,970</u>	<u>67,275</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 - INCOME 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 at the beginning of the period		
- Realised Income	307,922	215,440
Final Distribution for the year ended June 30, 2012: Rs.1.1065 per unit (2011: Rs.1.0581 per unit)		
- Cash Distribution	(49,181)	(89,153)
- Units under Cumulative Plan	(2,665)	(3,654)
- Bonus Units	(202,742)	(97,386)
Net income for the period after taxation	80,438	60,249
Undistributed income carried forward	<u>133,772</u>	<u>85,496</u>
Undistributed income comprising of:		
Realised income	133,772	85,496
Unrealised income	-	-
	<u>133,772</u>	<u>85,496</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 - INCOME 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---
	2,622,174	2,013,727
Net assets at the beginning of the period		
Issue of 28,890,622 units (2011: 6,092,851 units)	300,988	62,790
Redemption of 14,240,125 units (2011: 6,949,754)	(148,502)	(71,404)
	152,486	(8,614)
Issue of 19,702,603 bonus units (2011: 9,599,587)	202,742	97,386
Issue of 259,001 units under Cumulative Investment Plan (2011: 360,164)	2,665	3,654
	-	-
	<u>2,980,067</u>	<u>2,106,153</u>
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(11,772)	(1,397)
Net unrealised appreciation / (diminution) in the fair value of investments classified as "available for sale"	4.6 12,533	7,026
Capital gain/(loss) on sale of investments	158	-
Other net income for the period	80,280	60,249
Final Distribution for the year ended June 30, 2012: Rs.1.1065 per unit (2011: Rs.1.0581 per unit)		
- Cash Distribution	(49,181)	(89,153)
- Units under Cumulative Plan	(2,665)	(3,654)
- Bonus Units	(202,742)	(97,386)
	(174,150)	(129,944)
Net assets at the end of the period	<u>2,806,678</u>	<u>1,981,838</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 - INCOME 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---
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	80,438	60,249
Adjustments for non-cash items		
Amortisation of preliminary expenses and floatation costs	218	218
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(11,772)	(1,397)
Amortisation of premium on term finance certificates	52	39
Amortisation of premium/discount on term finance certificates	(228)	(215)
	68,708	58,894
(Increase) / decrease in assets		
Investments	(218,768)	(115,119)
Accrued income	(9,010)	(10,301)
Receivable against sale of unit	-	125,000
	(227,778)	(420)
Increase / (decrease) in liabilities		
Payable to National Investment Trust Limited		
- Management Company	357	237
Payable to Central Depository Company of Pakistan Limited		
- Trustee	20	(8)
Payable to Securities and Exchange Commission of Pakistan	(1,101)	(1,158)
Payable against redemption of units	341	(135,636)
Accrued expenses and other liabilities	2,699	2,968
	2,316	(133,597)
Net cash inflow on operating activities	(156,754)	(75,123)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	300,988	62,790
Dividend paid	(48,973)	(89,153)
Payments on redemption of units	(148,502)	(71,404)
Net cash outflow from financing activities	103,513	(97,767)
Net increase in cash and cash equivalents during the period	(53,241)	(172,890)
Cash and cash equivalents at the beginning of the period	91,737	195,661
Cash and cash equivalents at the end of the period	38,496	22,771

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 - INCOME 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

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.

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 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.

Pakistan Credit Rating Agency Limited (PACRA) has assigned "A+(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.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published financial statements of the Fund for the period ended June 30, 2012.

3.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards has been published and is mandatory for accounting periods beginning on or after July 1, 2012:

- a IAS 1, 'Financial statement presentation' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendment will not have any significant effect on the Fund's financial statements.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

- b** IFRS 7, 'Financial instruments: Disclosures' (effective January 1, 2013). This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.
- c** IAS 32, 'Financial instruments: Presentation', (effective January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.

There are other amendments to the standards and interpretations that 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 Fund's operations and are therefore not detailed in these condensed interim financial statements.

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
-----Rupees in '000-----			
4 INVESTMENTS			
Available for sale			
Government securities:	4.1		
-Market Treasury Bills		1,697,170	1,497,617
-Pakistan Investment Bonds		102,233	96,311
Term finance certificates - listed	4.2 & 4.4	301,713	306,506
Term finance certificates - unlisted	4.3 & 4.4	374,650	343,856
Certificates of investment	4.5	190,000	290,000
Letter of Placement	4.6	100,000	
		<u>2,765,766</u>	<u>2,534,290</u>

4.1 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 July 1, 2012	Purchases during the period	Sales / matured during the period	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----										
Market Treasury Bills										
August 25, 2011	12 Months	85,000	-	85,000	-	-	-	-	0%	0%
September 08, 2011	12 months	-	-	-	-	-	-	-	0%	0%
September 22, 2011	12 months	75,000	-	75,000	-	-	-	-	0%	0%
October 06, 2011	12 months	6,000	-	-	6,000	5,940	5,993	53	0%	0%
November 03, 2011	12 months	502,000	-	200,000	302,000	299,231	299,280	49	11%	11%
November 03, 2011	6 months	-	-	-	-	-	-	-	0%	0%
November 17, 2011	12 months	50,000	-	-	50,000	49,348	49,357	9	2%	2%
February 09, 2012	6 months	-	-	-	-	-	-	-	0%	0%
March 08, 2012	6 months	15,000	-	15,000	-	-	-	-	0%	0%
March 22, 2012	3 months	-	-	-	-	-	-	-	0%	0%
May 03, 2012	3 months	-	-	-	-	-	-	-	0%	0%
May 17, 2012	3 months	335,000	-	335,000	-	-	-	-	0%	0%
May 31, 2012	3 months	100,000	-	100,000	-	-	-	-	0%	0%
June 14, 2012	3 months	230,000	-	230,000	-	-	-	-	0%	0%
June 28, 2012	3 months	140,000	50,000	190,000	-	-	-	-	0%	0%
July 26, 2012	6 months	-	105,000	-	105,000	101,298	101,746	448	4%	4%

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

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 July 1, 2012	Purchases during the period	Sales / matured during the period	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----										
Market Treasury Bills										
August 09, 2012	6 months	-	305,000	-	305,000	293,283	294,467	1,184	10%	11%
August 09, 2012	12 months	-	200,000	-	200,000	182,297	184,154	1,857	7%	7%
August 23, 2012	3 months	-	85,000	-	85,000	83,934	83,907	(27)	3%	3%
August 23, 2012	6 months	-	200,000	-	200,000	192,208	192,384	176	7%	7%
September 06, 2012	3 months	-	80,000	-	80,000	78,702	78,668	(34)	3%	3%
September 06, 2012	6 months	-	200,000	-	200,000	191,581	191,682	101	7%	7%
September 06, 2012	3 months	-	220,000	-	220,000	215,603	215,532	(71)	8%	8%
		1,638,000	1,445,000	1,230,000	1,753,000	1,693,425	1,697,170	3,745	60%	61%
Pakistan Investment Bond										
July 22, 2010	5 years	50,000	-	-	50,000	49,128	51,207	2,079	2%	2%
August 18, 2011	5 years	50,000	-	-	50,000	48,691	51,026	2,335	2%	2%
		1,638,000	1,445,000	1,230,000	1,853,000	1,791,244	1,799,403	8,159	64%	65%

4.1 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 September 30, 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	Disposed during the period	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----									
Commercial banks									
Askari Bank Limited	16,000	-	-	16,000	80,659	84,515	3,856	3%	3%
NIB Bank Limited	5,000	-	-	5,000	24,331	25,019	688	1%	1%
United Bank Limited	7,000	-	-	7,000	33,293	35,329	2,036	1%	1%
Summit Bank Limited	20,000	-	-	20,000	99,977	98,008	(1,969)	3%	4%
	48,000	-	-	48,000	238,260	242,871	4,611	9%	9%
Fertilizer									
Engro Fertilizer Limited	13,000	-	-	13,000	62,881	58,842	(4,039)	2%	2%
	61,000	-	-	61,000	301,141	301,713	572	11%	11%

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

4.2 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 September 30, 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	Disposed during the period	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----									
Commercial banks									
Bank Al-Falah Limited (Fixed)	7,000	-	-	7,000	35,204	37,500	2,296	1%	1%
Bank Al-Falah Limited (Floating)	14,000	-	-	14,000	70,544	73,911	3,367	3%	3%
Bank Al-Habib Limited (3rd Issue)	10,000	-	-	10,000	51,731	53,104	1,373	2%	2%
Bank Al-Habib Limited (4th Issue)	20,000	-	-	20,000	99,960	110,135	10,175	4%	4%
	51,000	-	-	51,000	257,439	274,650	17,211	10%	10%

4.3 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 September 30, 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	Disposed during the period	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----									
Power									
Hub Power Company Limited	75,000	100,000	75,000.00	100,000	100,000	100,000	-	4%	4%
	75,000	100,000	75,000	100,000	100,000	100,000	-	4%	4%

4.4 Significant terms and conditions of term finance certificates & sukuk 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
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Listed term finance certificates

Askari Bank Ltd	16,000	4,995	6-months KIBOR + 2.50%	November 18, 2009	10 years	Unsecured	AA-
NIB Bank Ltd	5,000	4,991	6-months KIBOR + 1.15%	March 5, 2008	8 years	Unsecured	A+
United Bank Ltd	20,000	4,991	6-months KIBOR + 0.85%	February 14, 2008	10 years	Unsecured	AA
Engro Fertilizers Ltd	13,000	4,797	6-months KIBOR + 2.40%	December 17, 2009	7 years	Secured	AA
Summit Bank Ltd	20,000	4,999	6-months KIBOR + 3.25%	October 27, 2011	7 years	Unsecured	A-

Unlisted term finance certificates & sukuk

Bank Al-Falah Ltd (Fixed)	7,000	4,995	15.00%	December 2, 2009	8 years	Unsecured	AA-
Bank Al-Falah Ltd (Floating)	14,000	4,995	6-months KIBOR + 2.50%	December 2, 2009	8 years	Unsecured	AA-
Bank Al-Habib Ltd (3rd Issue)	10,000	4,987	15.50%	June 15, 2009	8 years	Unsecured	AA
Bank Al-Habib Ltd (4th Issue)	20,000	4,998	15.00%	June 30, 2011	10 years	Unsecured	AA
Hub Power Company Ltd	20,000	5,000	6-months KIBOR + 1.10%	August 4, 2011	6 months	Unsecured	AA

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

4.5 Certificate of Investment

Name of the investee company	Number of certificates				Balance as at September 30, 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 year	Disposals during the year	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)		
----- Rupees in '000 -----									
Pak Libya Holding Company (Private) Limited	150,000	100,000	150,000	100,000	100,000	100,000	-	4%	4%
Pak Brunei Investment Company	140,000	90,000	140,000	90,000	90,000	90,000	-	3%	3%
Total - September 30, 2012	290,000	190,000	290,000	190,000	190,000	190,000	-	7%	7%

4.6 Letter of Placement

Name of the investee company	Number of certificates				Balance as at September 30, 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 year	Disposals during the year	As at September 30, 2012	Cost	Market value	Appreciation / (Diminution)		
----- Rupees in '000 -----									
Pak Libya Holding Company (Private) Limited	-	100,000	-	100,000	100,000	100,000	-	4%	4%
Total - September 30, 2012	-	100,000	-	100,000	100,000	100,000	-	4%	4%

	(Unaudited)	(Audited)
Note	September 30, 2012	September 30, 2011
	-----Rupees in '000-----	

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

Market value of investments	2,765,767	1,953,370
Less: Carrying value of investments	(2,739,824)	(1,945,558)
	25,943	7,812
Less: Net unrealised appreciation in the fair value of investments at the beginning of period	13,410	786
	12,533	7,026

5 CONTINGENCIES AND COMMITMENTS

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

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

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 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 council 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.13.284 million (including Rs.1.645 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of fund would have been higher by Rs.0.501 per unit.

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 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.

8 EARNINGS PER UNIT

	(Unaudited) September 30 2012	(Unaudited) September 30 2011
	-----Rupees in '000-----	
Net income for the period after taxation	80,438	60,249
Weighted average number of units outstanding during the period	258,217,869	174,245,353
Earnings per unit	0.3115	0.3458

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

9 TRANSACTIONS WITH CONNECTED PERSONS

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

	(Unaudited) September 30 2012	(Unaudited) September 30 2011
	-----Rupees in '000-----	
Transactions during the period:		
National Investment Trust Limited - Management Company		
Issue of Nil units (2010: Nil)	-	-
Issue of 4,383,749 of bonus units (2011: 3,850,438 units)	45,109	39,062
Units redeemed Nil (2010: Nil)	-	-
Front end load on sale of units	2	10
Management fee for the period	8,432	6,131
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee for the period	788	629
Directors & management personnel		
Issue of Nil Units (2011: 2,159 units)	-	239
	(Unaudited) September 30 2012	(Audited) June 30 2012
	-----Rupees in '000-----	
9.1 Amounts outstanding at the end of the period:		
National Investment Trust Limited - Management Company		
45,151,228 units held (June 30,2012: 40,767,479 units)	478,522	464,611
Management fee and other payables	8,196	7,839
National Investment Trust Limited - Employees Provident Fund		
2,832,830 units held (June 30,2012: 2,557,789 units)	30,023	29,150
National Investment Trust Limited - Employees Pension Fund		
11,434,843 units held (June 30,2012: 10,324,630 units)	121,189	117,666
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	264	244
Security deposit	100	100
Directors & management personnel		
Units held Nil (June 30, 2010: Nil units)	-	-

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

10 DATE OF AUTHORISATION FOR ISSUE

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

11 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