



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*



# 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, 2011

	Note	September 30, 2011 Unaudited	June 30, 2011 Audited
Rupees in '000			
<b>ASSETS</b>			
Bank balances		5,496	168,615
Investments	3	2,522,251	2,985,908
Accrued income		21,598	35,505
Security deposits		100	100
Preliminary expenses and floatation costs		2,344	2,530
<b>Total assets</b>		<b>2,551,789</b>	<b>3,192,658</b>
<b>LIABILITIES</b>			
Payable to National Investment Trust Limited - Management Company		7,106	7,279
Payable to Central Depository Company of Pakistan Limited - Trustee		224	263
Payable to Securities and Exchange Commission of Pakistan		517	2,335
Accrued expenses and other liabilities		15,311	11,740
Payable against redemption of unit		-	115,537
<b>Total liabilities</b>		<b>23,158</b>	<b>137,154</b>
<b>NET ASSETS</b>		<b>2,528,631</b>	<b>3,055,504</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>2,528,631</b>	<b>3,055,504</b>
Contingencies and commitments	4	-	-
<b>Number of units in issue</b>		<b>243,021,839</b>	<b>274,851,693</b>
<b>Net asset value per unit</b>		<b>10.4050</b>	<b>11.1169</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 INCOME STATEMENT

### FOR THE QUARTER ENDED SEPTEMBER 30, 2011

Note	September 30, 2011 Unaudited	September 30, 2010 Unaudited
	Rupees in '000	
<b>INCOME</b>		
Income from government securities	88,347	76,603
Profit on bank deposits	1,107	5,064
Markup on fixed income securities	1,740	17,420
Capital gain on sale of investments	35	(3,063)
<b>Total income</b>	<b>91,229</b>	<b>96,024</b>
<b>EXPENSES</b>		
Remuneration of National Investment Trust Limited - Management Company	8,650	10,321
General Sales tax on Management Company's remuneration	1,384	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	706	808
Annual fee - Securities and Exchange Commission of Pakistan	517	619
Amortisation of preliminary expenses and floatation costs	186	188
Bank charges	56	22
Listing fee	60	24
Printing charges	-	25
Auditors' remuneration	103	150
Securities transaction costs	52	123
Others	75	-
<b>Total expenses</b>	<b>11,789</b>	<b>12,280</b>
<b>Net income from operating activities</b>	<b>79,440</b>	<b>83,744</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(10,326)	(8,680)
Workers' welfare fund	(1,381)	(1,514)
<b>Net income for the period before taxation</b>	<b>67,733</b>	<b>73,550</b>
Taxation	-	-
<b>Net income for the period after taxation</b>	<b>67,733</b>	<b>73,550</b>

**NIT - GOVERNMENT BOND FUND**  
**CONDENSED INTERIM INCOME STATEMENT**  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	September 30, 2011 Unaudited Rupees in '000	September 30, 2010 Unaudited Rupees in '000
<b>Earnings per unit (in Rupees)</b>	7	<u>0.2754</u>	<u>0.2550</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, 2011

	Note	September 30, 2011 Unaudited	September 30, 2010 Unaudited
		Rupees in '000	Rupees in '000
Net income for the period after taxation		67,733	73,550
<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	4,059	(3,224)
<b>Total comprehensive income for the period</b>		<u>71,792</u>	<u>70,326</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, 2011

	September 30, 2011	September 30, 2010
	Unaudited	Unaudited
	Rupees in '000	
Undistributed income brought forward		
- Realised Income	308,215	231,742
Final Distribution for the year ended June 30, 2011: Rs.1.0201 per unit (2010: Rs.0.65 per unit)		
- Cash Distribution	(101,483)	(67,550)
- Units under Cumulative Plan	(2,093)	(12,814)
- Bonus Units	(176,791)	(147,928)
Net income for the period after taxation	67,733	73,550
Undistributed income carried forward	<u>95,581</u>	<u>77,000</u>
<b>Undistributed income comprising of:</b>		
Realised income	95,581	77,000
Unrealised income	-	-
	<u>95,581</u>	<u>77,000</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, 2011

	Note	September 30,	September 30,
		2011	2010
		Unaudited	Unaudited
		Rupees in '000	
<b>Net assets at the beginning of the period</b>		3,055,504	3,739,773
Issue of 18,947,330 units (2010: 90,690,134 units)		192,437	904,932
Redemption of 68,494,128 units (2010: 168,591,060)		(699,945)	(1,702,415)
		(507,508)	(797,483)
Issue of 17,509,646 bonus units (2010: 14,795,785)		176,791	147,928
Issue of 207,298 units under Cumulative Investment Plan (2010: 1,281,583)		2,093	12,814
		2,726,880	3,103,032
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		10,326	8,680
Net unrealised appreciation / (diminution) in the fair value of investments classified as "available for sale"	3.2	4,059	(3,224)
Capital gain on sale of investments		35	(3,063)
Other net income for the period		67,698	76,613
Final Distribution for the year ended June 30, 2011: Rs.1.0201 per unit (2010: Rs.0.65 per unit)			
- Cash Distribution		(101,483)	(67,550)
- Units under Cumulative Plan		(2,093)	(12,814)
- Bonus Units		(176,791)	(147,928)
		(212,634)	(154,742)
<b>Net assets at the end of the period</b>		2,528,631	2,953,746

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, 2011

	September 30, 2011	September 30, 2010
	Unaudited	Unaudited
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	67,733	73,550
<b>Adjustments for non-cash items</b>		
Amortisation of preliminary expenses and floatation costs	186	188
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	10,326	8,680
	<u>78,245</u>	<u>82,418</u>
<b>(Increase) / decrease in assets</b>		
Investments	467,716	827,578
Accrued income	13,907	12,676
Un Amortized Listing Fee	-	(36)
	481,623	840,218
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	(173)	(807)
Payable to Central Depository Company of Pakistan Limited - Trustee	(39)	(49)
Payable to Securities and Exchange Commission of Pakistan	(1,818)	(1,027)
Accrued expenses and other liabilities	(111,966)	1,257
	<u>(113,996)</u>	<u>(626)</u>
<b>Net cash inflow on operating activities</b>	<u>445,872</u>	<u>922,010</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	192,437	904,932
Dividend paid	(101,483)	(67,550)
Payments on redemption of units	(699,945)	(1,702,415)
<b>Net cash outflow from financing activities</b>	<u>(608,991)</u>	<u>(865,033)</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>(163,119)</u>	<u>56,977</u>

**NIT - GOVERNMENT BOND FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30, 2011 Unaudited	September 30, 2010 Unaudited
	Rupees in '000	
Cash and cash equivalents at the beginning of the period	168,615	341,572
<b>Cash and cash equivalents at the end of the period</b>	<u>5,496</u>	<u>398,549</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

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

### FOR THE QUARTER ENDED SEPTEMBER 30, 2011

#### 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 December 31, 2010.

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

- 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, 2011.

# NIT - GOVERNMENT BOND FUND

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

### FOR THE QUARTER ENDED SEPTEMBER 30, 2011

### 3 INVESTMENTS

#### Available for sale

Government securities:

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

Note	September 30, 2011	June 30, 2011
	Unaudited	Audited
	Rupees in '000	
3.1	1,922,910	2,436,135
	95,305	45,737
	504,036	504,036
	<u>2,522,251</u>	<u>2,985,908</u>

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

Issue date	Tenor	Face value			Balance as at September 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at June 30, 2011	Purchases during the period	Sales / matured during the period	As at September 30, 2011	Book Value	Market value			Appreciation / (Diminution)
(Rupees in '000)										
<b>Market Treasury Bills</b>										
July 15, 2010	12 months	50,000	-	50,000	-	-	-	0.00%	0%	
February 10, 2011	06 months	-	15,000	15,000	-	-	-	0.00%	0%	
March 10, 2011	06 months	100,000	31,000	131,000	-	-	-	0.00%	0%	
March 24, 2011	06 months	300,000	-	300,000	-	-	-	0.00%	0%	
April 7, 2011	06 months	200,000	110,000	-	310,000	309,451	309,316	(135)	12.23%	12%
April 21, 2011	06 months	160,000	-	-	160,000	158,939	158,835	(104)	6.28%	6%
May 5, 2011	03 months	250,000	-	250,000	-	-	-	-	0.00%	0%
May 5, 2011	06 months	265,000	-	-	265,000	261,978	261,744	(234)	10.35%	10%
May 19, 2011	03 months	100,000	-	100,000	-	-	-	-	0.00%	0%
May 19, 2011	06 months	350,000	-	-	350,000	344,279	343,981	(298)	13.60%	14%
June 2, 2011	03 months	250,000	-	250,000	-	-	-	-	0.00%	0%
June 2, 2011	06 months	150,000	-	-	150,000	146,787	146,699	(88)	5.80%	6%
June 16, 2011	03 months	100,000	-	100,000	-	-	-	-	0.00%	0%
June 16, 2011	06 months	250,000	-	210,000	40,000	38,998	38,932	(66)	1.54%	2%
July 14, 2011	03 months	-	50,000	-	50,000	49,909	49,890	(19)	1.97%	2%
July 14, 2011	06 months	-	75,000	75,000	-	-	-	-	0.00%	0%
August 11, 2011	06 months	-	20,000	-	20,000	19,107	19,099	(8)	0.76%	1%
August 25, 2011	06 months	-	100,000	-	100,000	95,052	95,044	(8)	3.76%	4%
August 25, 2011	12 months	-	125,000	-	125,000	111,817	111,934	117	4.43%	4%
September 8, 2011	12 months	-	335,000	-	335,000	298,093	298,669	576	11.81%	12%
September 22, 2011	12 months	-	100,000	-	100,000	88,589	88,767	178	3.51%	4%
		2,525,000	961,000	1,481,000	2,005,000	1,922,999	1,922,910	(89)	76.05%	76%

# NIT - GOVERNMENT BOND FUND

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

### FOR THE QUARTER ENDED SEPTEMBER 30, 2011

Issue date	Tenor	Face value				Balance as at September 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at June 30, 2011	Purchases during the period	Sales / matured during the period	As at September 30, 2011	Book Value	Market value	Appreciation / (Diminution)		
(Rupees in '000)										
<b>Pakistan Investment Bond</b>										
September 3, 2009	10 years	50,000	-	-	50,000	48,713	47,416	(1,297)	1.88%	2%
August 18, 2011	03 years	-	50,000	-	50,000	47,705	47,889	184	1.89%	2%
<b>National Savings</b>										
Certificate	3 years	500,000	-	-	500,000	500,000	504,036	4,036	19.93%	20%
		3,075,000	1,011,000	1,481,000	2,605,000	2,519,417	2,522,251	2,834	99.75%	100%

(Unaudited)      (Unaudited)  
**September 30, 2011**      **September 30, 2010**  
 Rupees in '000

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

Fair value of investments	2,522,251	2,552,130
Less: Carrying value of investments	(2,519,417)	(2,559,510)
	2,834	(7,380)
Less: Net un realised appreciation / (diminution) in fair value of investments at the beginning of the period	(1,225)	4,156
	4,059	(3,224)

## 4 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2011.

## 5 WORKERS WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund (WWF) Ordinance, 1971. As a result of this amendment it maybe 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, challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

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

# NIT - GOVERNMENT BOND FUND

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

### FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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 SHC. However pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting Rs.11.922 million (including Rs.1.381 million for the current year) in these financial statements.

#### 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.

#### 7 EARNINGS PER UNIT - BASIC AND DILUTED

Net income for the period after taxation

(Unaudited)	
September 30, 2011	September 30, 2010
Rupees in '000	

67,733	73,550
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Weighted average number of units outstanding during the period

Number of Units	
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245,946,581	288,395,198
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Earnings per unit

Rupees in '000	
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0.28	0.26
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#### 8 TRANSACTIONS WITH CONNECTED PERSONS

The details of significant transactions carried out by the Fund with connected person and balances with them at period end are as follows:

##### Transactions during the period:

##### National Investment Trust Limited - Management Company

Issue of Nil units (2010: Nil)

Issue of 1,936,820 of bonus units (2010: 1,170,242 units)

Units redeemed Nil (2010: Nil)

Front end load on sale of units

Management fee for the period

(Unaudited)	
September 30, 2011	September 30, 2010
Rupees in '000	

-	-
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19,556	11,700
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-	-
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17	23
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8,650	10,321
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**NIT - GOVERNMENT BOND FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	(Unaudited)	
	September 30, 2011	September 30, 2010
	Rupees in '000	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	706	808
<b>Directors &amp; management personnel</b>		
Unit issued Nil (2010: 19,640 units)	-	201
	(Unaudited)	(Audited)
	September 30, 2011	June 30, 2011
	Rupees in '000	
<b>Amounts outstanding as at period end:</b>		
<b>National Investment Trust Limited - Management Company</b>		
21,107,184 units held (June 30, 2011: 19,170,364 units)	219,620	213,115
Management fee and other payables	7106	7,279
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	224	263
<b>National Investment Trust Limited - Provident Fund</b>		
4,465,840 units held (June 30, 2011: 4,056,049 units)	46467	45,091
Payable against redemption of units	-	41,938
<b>National Investment Trust Limited - Pension Fund</b>		
7,742,953 units held (June 30, 2011: 7,032,451 units)	80,565	78,179
Payable against redemption of units	-	73,385

**9 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on October 13, 2011 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