



## **STRENGTH WITH STABILITY**

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.



# NIT - GOVERNMENT BOND FUND

## CONDENSED INTERIM STATEMENT OF ASSETS & LIABILITIES

### AS AT MARCH 31, 2011

	Note	(Unaudited) March 31, 2011	(Audited) June 30, 2010
————— Rupees in '000 —————			
<b>ASSETS</b>			
Bank balances		41,737	341,572
Investments	3	2,830,608	3,382,931
Accrued income		17,721	28,993
Security deposits		350	350
Preliminary expenses and floatation costs		2,716	3,277
Unamortized Listing Fee		12	-
<b>Total assets</b>		<u>2,893,144</u>	<u>3,757,123</u>
<b>LIABILITIES</b>			
Payable to National Investment Trust Limited - Management Company		7,186	10,641
Payable to Central Depository Company of Pakistan Limited - Trustee		261	292
Payable to Securities and Exchange Commission of Pakistan		1,740	1,646
Accrued expenses and other liabilities		7,814	4,771
<b>Total liabilities</b>		<u>17,001</u>	<u>17,350</u>
<b>NET ASSETS</b>			
<b>Unit holders' fund (as per statement attached)</b>		<u>2,876,143</u>	<u>3,739,773</u>
Contingencies and commitments	4	-	-
————— Number of units —————			
<b>Number of units in issue</b>	5	<u>265,854,207</u>	<u>351,218,756</u>
————— Rupees —————			
<b>Net asset value per unit</b>		<u>10.8185</u>	<u>10.6480</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	(Unaudited)			
	Nine months ended March 31,		Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
<b>INCOME</b>				
Income from government securities	208,831	76,702	67,429	73,861
Profit on bank deposits	18,712	56,519	5,994	22,310
Markup on fixed income securities	51,488	11,561	16,721	11,561
Reverse repo	212	-	212	-
Capital loss on sale of investments	(2,964)	(136)	36	(136)
<b>Total income</b>	<b>276,279</b>	<b>144,646</b>	<b>90,392</b>	<b>107,596</b>
<b>EXPENSES</b>				
Remuneration of National Investment Trust Limited				
- Management Company	29,003	14,810	9,129	11,215
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,303	1,162	732	858
Annual fee - Securities and Exchange Commission of Pakistan	1,739	897	547	681
Amortisation of preliminary expenses and floatation costs	561	272	184	184
Settlement and Bank charges	250	83	101	59
Listing fee	48	22	12	8
Printing charges	75	-	25	-
Rating fee	75	-	75	-
Auditors' remuneration	357	180	81	40
Securities transaction costs	116	20	8	20
Other charges	-	201	-	201
<b>Total expenses</b>	<b>34,527</b>	<b>17,647</b>	<b>10,894</b>	<b>13,266</b>
<b>Net income from operating activities</b>	<b>241,752</b>	<b>126,999</b>	<b>79,498</b>	<b>94,330</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(24,886)	25,176	(3,472)	24,847
Workers' welfare fund	(1,952)	-	(346)	-
<b>Net income for the period before taxation</b>	<b>214,914</b>	<b>152,175</b>	<b>75,680</b>	<b>119,177</b>

# NIT - GOVERNMENT BOND FUND

## CONDENSED INTERIM INCOME STATEMENT

### FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	(Unaudited)			
	Nine months ended March 31,		Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	<u>214,914</u>	<u>152,175</u>	<u>75,680</u>	<u>119,177</u>
<b>Earnings per unit (in Rupees)</b>	<u>0.7218</u>	<u>0.4000</u>	<u>0.2718</u>	<u>0.2700</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



Note	(Unaudited)			
	Nine months ended March 31,		Quarter ended March 31,	
	2011	2010	2011	2010
	Rupees in '000			
Net income for the period after taxation	214,914	152,175	75,680	119,177
<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 3,240	1,530	3,877	1,731
<b>Total comprehensive income for the period</b>	<u>218,154</u>	<u>153,705</u>	<u>79,557</u>	<u>120,908</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	(Unaudited)			
	Nine months ended March 31,		Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
Undistributed income at the beginning of the period	231,742	-	142,684	32,998
Final Distribution for the year ended June 30, 2010: Rs.0.65 per unit	(228,292)	-	-	-
Net income for the period after taxation	214,914	152,175	75,680	119,177
Undistributed income carried forward	<u>218,364</u>	<u>152,175</u>	<u>218,364</u>	<u>152,175</u>
<b>Undistributed income comprising of:</b>				
Realised income	218,364	152,175	218,364	152,175
Unrealised income	-	-	-	-
	<u>218,364</u>	<u>152,175</u>	<u>218,364</u>	<u>152,175</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Note	(Unaudited)			
		Nine months ended March 31,		Quarter ended March 31,	
		2011	2010	2011	2010
Rupees in '000					
<b>Net assets at the beginning of the period</b>		3,739,773	-	2,791,691	2,489,146
Issue of 199,309,993 units (2010 : 453,133,668)		2,061,579	4,570,413	766,117	1,715,327
Redemption of 299,470,327 units (2010 : 73,607,023)		(3,087,885)	(749,973)	(764,508)	(351,565)
		(1,026,306)	3,820,440	1,609	1,363,762
Issue of 14,795,785 bonus units (2009 : NIL)		147,928	-	-	-
		2,861,395	3,820,440	2,793,300	3,852,908
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		24,886	(25,176)	3,286	(24,847)
Net unrealised appreciation / (diminution) in the fair value of investments classified as 'available for sale'	3.2	3,240	1,530	3,877	1,731
Capital gain / (loss) on sale of investments		(2,964)	-	36	-
Other net income for the period		217,878	152,175	75,644	119,177
Final Distribution for the year ended June 30, 2010: Rs.0.65 per unit		(228,292)	-	-	-
		(13,378)	152,175	75,680	119,177
<b>Net assets at the end of the period</b>		2,876,143	3,948,969	2,876,143	3,948,969

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	(Unaudited)			
	Nine months ended March 31,		Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	214,914	152,175	75,680	119,177
<b>Adjustments for non-cash items</b>				
Amortization of listing fee	48	-	12	-
Amortisation of preliminary expenses and floatation costs	561	272	184	184
Remuneration expense - Management Company	29,003	14,810	9,129	11,215
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	24,886	(25,176)	3,286	(24,847)
	269,412	142,081	88,291	105,729
<b>(Increase) / decrease in assets</b>				
Investments	555,563	(3,773,297)	(118,758)	(2,894,649)
Un amortized listing fee	(12)	(78)	(24)	(78)
Advance, deposits, pre payments and other receivables	9,690	(13,864)	15,562	6,250
Receivable against sale of units	-	(100,100)	-	(90,775)
	565,241	(3,887,339)	(103,220)	(2,979,252)
<b>Increase / (decrease) in liabilities</b>				
Payable to National Investment Trust Limited - Management Company	392	3,029	3,313	3,029
Payable to Central Depository Company of Pakistan Limited - Trustee	(31)	315	3	99
Payable to Securities and Exchange Commission of Pakistan	94	897	548	681
Accrued expenses and other liabilities	1,737	175	289	50
Payable against redemption of units	-	-	-	-
	2,192	4,416	4,153	3,859
Remuneration paid to Management Company	(30,010)	(10,617)	(9,365)	(9,565)
<b>Net cash inflow on operating activities</b>	806,835	(3,751,459)	(20,141)	(2,879,229)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	2,209,507	4,570,413	766,017	1,715,327
Dividend paid	(228,292)	-	-	-
Payments on redemption of units	(3,087,885)	(749,973)	(764,562)	(351,565)
<b>Net cash outflow from financing activities</b>	(1,106,670)	3,820,440	1,455	1,363,762

# NIT - GOVERNMENT BOND FUND

## CONDENSED INTERIM CASH FLOW STATEMENT

### FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	(Unaudited)			
	Nine months ended March 31,		Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
<b>Net increase in cash and cash equivalents during the period</b>	(299,835)	68,981	(18,686)	(1,515,467)
Cash and cash equivalents at the beginning of the period	341,572	-	60,423	1,584,448
<b>Cash and cash equivalents at the end of the period</b>	<u>41,737</u>	<u>68,981</u>	<u>41,737</u>	<u>68,981</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 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 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.
- 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. The units of the Fund were initially offered for public subscription at par from November 16, 2009 to November 18, 2009 (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 November 18, 2009 units are being offered in accordance with the basis specified in the offering document.
- 1.4** 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.
- 1.5** In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Trust Property was first paid or transferred to the Trustee i.e., October 24, 2009.
- 1.6** The Pakistan Credit Rating Agency has assigned stability rating of 'AA' to the fund.

#### 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, 2010.

# NIT - GOVERNMENT BOND FUND

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

### FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



3 INVESTMENTS	Note	March 31, 2011	June 30, 2010
		Unaudited	Audited
Rupees in '000			
<b>Available for sale</b>			
Government securities:	3.1		
Market Treasury Bills		2,281,531	2,831,059
Pakistan Investment Bond		45,041	47,836
National Savings Certificate		504,036	504,036
		<u>2,830,608</u>	<u>3,382,931</u>

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

Issue date	Tenor	Face value				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at June 30, 2010	Purchases during the period	Sales / matured during the period	As at March 31, 2011	Book Value	Market value	Appreciation / (Diminution)		
Rupees in 1000										
<b>Market Treasury Bills</b>										
January 14, 2010	12 months	650,000	-	650,000	-	-	-	-	0.00%	0%
February 11, 2010	12 months	300,000	-	300,000	-	-	-	-	0.00%	0%
March 11, 2010	12 months	300,000	-	300,000	-	-	-	-	0.00%	0%
March 24, 2010	12 months	-	210,000	210,000	-	-	-	-	0.00%	0%
April 8, 2010	12 months	437,500	-	30,000	407,500	406,766	406,448	(318)	14.13%	14%
July 15, 2010	12 months	-	250,000	200,000	50,000	48,424	48,153	(271)	1.67%	2%
October 21, 2010	12 months	-	487,500	487,500	-	-	-	-	0.00%	0%
November 16, 2010	3 months	-	200,000	200,000	-	-	-	-	0.00%	0%
December 2, 2010	3 months	-	500,000	500,000	-	-	-	-	0.00%	0%
December 18, 2010	3 months	-	275,000	275,000	-	-	-	-	0.00%	0%
December 30, 2010	3 months	-	100,000	100,000	-	-	-	-	0.00%	0%
January 13, 2011	3 months	-	300,000	-	300,000	299,360	299,225	(135)	10.40%	11%
January 27, 2011	3 months	-	450,000	300,000	150,000	148,921	148,855	(66)	5.18%	5%
February 10, 2011	3 months	-	575,000	250,000	325,000	321,027	320,902	(125)	11.16%	11%
February 24, 2011	3 months	-	417,000	-	417,000	409,849	409,681	(168)	14.24%	14%
March 10, 2011	3 months	-	375,000	-	375,000	366,724	366,587	(137)	12.75%	13%
March 24, 2011	3 months	-	300,000	-	300,000	281,787	281,680	(107)	9.79%	10%
		<u>1,687,500</u>	<u>4,439,500</u>	<u>3,802,500</u>	<u>2,324,500</u>	<u>2,282,858</u>	<u>2,281,531</u>	<u>(1,327)</u>	<u>79.33%</u>	<u>100%</u>
<b>Pakistan Investment Bond</b>										
September 3, 2009	10 years	50,000	-	-	50,000	48,666	45,041	(3,625)	1.57%	2%
<b>National Savings Certificate</b>										
	3 years	500,000	-	-	500,000	500,000	504,036	4,036	17.54%	18%
		<u>2,237,500</u>	<u>4,439,500</u>	<u>3,802,500</u>	<u>2,874,500</u>	<u>2,831,524</u>	<u>2,830,608</u>	<u>(917)</u>	<u>98.42%</u>	<u>100%</u>

# NIT - GOVERNMENT BOND FUND

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

### FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	(Unaudited) March 31, 2011	(Audited) June 30, 2010
	Rupees in '000	
<b>3.2 Net unrealised appreciation / (diminution) in the fair value of investments classified as 'available for sale'</b>		
Fair value of investments	2,830,608	3,382,931
Less: Carrying value of investments	(2,831,524)	(3,387,087)
	(917)	(4,156)
Less: Net un realised (diminution) in fair value of investments at the beginning of the period	4,156	-
	3,240	(4,156)

#### 4 CONTINGENCIES AND COMMITMENTS

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

	(Unaudited) March 31, 2011	(Audited) June 30, 2010
	Rupees in '000	
<b>5 NUMBER OF UNITS IN ISSUE</b>		
Total outstanding at the beginning of the period	351,218,756	-
Add: Sales during the period	198,028,410	682,122,770
Bonus units issued	14,795,785	-
CIP units issued	1,281,583	-
Less: Repurchases during the period	(299,470,327)	(330,904,014)
<b>Total units in issue at the end of the period</b>	<b>265,854,207</b>	<b>351,218,756</b>

#### 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 is alleged 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 (the Court) challenging the applicability of WWF to the CISs. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the financial statements for the year ended June 30, 2010.

Subsequent to the period 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. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

# NIT - GOVERNMENT BOND FUND

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

### FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



Pending the announcement of judgement by the court in the said constitutional petition and In view of the uncertainty regarding the matter relating to the contribution to WWF prevailing at the reporting date the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs. 6.273 million in these condensed interim financial statements.

#### 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 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.

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

	Nine months ended March 31		Quarter Ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
Net income for the period after taxation	214,914	152,175	75,680	119,177
	Number of units			
Weighted average number of units outstanding during the period	297,760,128	379,526,645	297,760,128	379,526,645
Earnings per unit	0.72	0.40	0.27	0.27

#### 9 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:

	Nine months ended March 31		Quarter Ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
<b>Transactions during the period:</b>				
<b>National Investment Trust Limited - Management Company</b>				
Issue of Nil units (2009: 43,000,000 units)	-	430,000	-	430,000
Issue of 1,628,166 of bonus units (2009: Nil)	16,265	-	-	-
Units redeemed during the period	-	-	-	-
Front end load on sale of units	74	2,930	14	428
Management fee for the period	29,003	14,810	9,129	11,215

# NIT - GOVERNMENT BOND FUND

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

### FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Nine months ended March 31,		Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee for the period	2,303	1,162	732	858
<b>Directors &amp; management personnel</b>				
Unit issued	-	-	-	-
			(Unaudited) March 31, 2011	(Audited) June 30, 2010
			Rupees in '000	
<b>Amounts outstanding as at period end:</b>				
<b>National Investment Trust Limited - Management Company</b>				
19,170,364 units held (June 30, 2010: 18,000,122 units)			207,394	191,665
Management fee and other payables			7,186	10,641
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee payable			261	292
<b>National Investment Trust Limited - Provident Fund</b>				
5,152,825 units held (June 30, 2010: 7,043,576 units)			55,746	75,000
<b>Directors &amp; management personnel</b>				
Nil units (June 30, 2010: 58,256 units)			-	620

#### 10 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **April 11, 2011** 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