



## **STRENGTH WITH STABILITY**

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.



# NIT - INCOME 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		234,554	59,470
Investments	4	1,770,961	2,240,831
Accrued income		18,313	7,302
Advances, Deposits and Prepayments		350	350
Preliminary expenses and floatation costs		3,366	4,018
Unamortized Listing Fee		12	-
Receivable against sale of units		-	207,736
<b>Total assets</b>		<b>2,027,556</b>	<b>2,519,707</b>
<b>LIABILITIES</b>			
Payable to National Investment Trust Limited - Management Company		6,869	7,653
Payable to Central Depository Company of Pakistan Limited - Trustee		217	319
Payable to Securities and Exchange Commission of Pakistan		1,142	848
Accrued expenses and other liabilities		4,082	2,122
Payable against redemption of units		-	212,508
<b>Total liabilities</b>		<b>12,310</b>	<b>223,450</b>
<b>NET ASSETS</b>			
<b>Unit holders' fund (as per statement attached)</b>		<b>2,015,246</b>	<b>2,296,257</b>
Contingencies and commitments	5	-	-
Number of units			
<b>Number of units in issue</b>		<b>185,195,164</b>	<b>221,993,179</b>
Rupees			
<b>Net asset value per unit</b>		<b>10.8817</b>	<b>10.3438</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 - INCOME FUND

## CONDENSED INTERIM INCOME STATEMENT

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



	(Unaudited)			
	Nine months ended March 31	For the period from Jan 18, 2010 to March 31	Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
<b>INCOME</b>				
Income from government securities	137,363	30,840	43,110	30,840
Profit on bank deposits	11,074	14,371	6,568	14,371
Income from term finance certificates	42,143	186	14,269	186
Realisation of discount on term finance certificates-net	170	-	153	-
Unrealised appreciation / (diminution) on remeasurement of investments classified as financial asset at fair value through profit or loss - net	-	(388)	-	(388)
Capital loss on sale of investments	(733)	-	41	-
<b>Total income</b>	<b>190,017</b>	<b>45,009</b>	<b>64,141</b>	<b>45,009</b>
<b>EXPENSES</b>				
Remuneration of National Investment Trust Limited - Management Company	19,041	4,643	6,283	4,643
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,162	481	637	481
Annual fee - Securities and Exchange Commission of Pakistan	1,142	285	376	285
Amortisation of preliminary expenses and floatation costs	650	95	212	95
Settlement and Bank charges	227	87	79	87
Securities transaction costs	58	42	17	42
Listing fee	48	22	12	22
Rating fee	75	-	75	-
Auditors' remuneration	357	15	81	15
Printing charges	75	-	25	-
Other charges	-	200	-	200
<b>Total expenses</b>	<b>23,835</b>	<b>5,870</b>	<b>7,797</b>	<b>5,870</b>
<b>Net income from operating activities</b>	<b>166,182</b>	<b>39,139</b>	<b>56,344</b>	<b>39,139</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(9,388)	(3,587)	3,740	(3,587)

# NIT - INCOME FUND

## CONDENSED INTERIM INCOME STATEMENT

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

	(Unaudited)			
	Nine months ended March 31, 2011	For the period from Jan 18, 2010 to March 31, 2010	Quarter ended March 31	
			2011	2010
	Rupees in '000			
Workers' welfare fund	(1,359)	-	(223)	-
<b>Net income for the period before taxation</b>	155,435	35,552	59,861	35,552
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	155,435	35,552	59,861	35,552
<b>Earnings per unit (in Rupees)</b>	0.7955	0.1200	0.3129	0.1200

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Note	(Unaudited)			
		Nine months ended March 31, 2011	For the period from Jan 18, 2010 to March 31, 2010	Quarter ended March 31	
				2011	2010
Rupees in '000					
Net income for the period after taxation		155,435	35,552	59,861	35,552
<b>Other comprehensive income for the period</b>					
Net unrealised appreciation / (diminution) in the fair value of investments classified as 'available for sale'	4.5	9,056	(1,996)	2,597	(1,996)
<b>Total comprehensive income for the period</b>		<u>164,491</u>	<u>33,556</u>	<u>62,458</u>	<u>33,556</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	(Unaudited)			
	Nine months ended March 31, 2011	For the period from Jan 18, 2010 to March 31, 2010	Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
Undistributed income at the beginning of the period	86,413	-	104,289	-
Final Distribution for the year ended June 30, 2010: Rs.0.35 per unit	(77,698)	-	-	-
Net income for the period after taxation	155,435	35,552	59,861	35,552
Undistributed income carried forward	<u>164,150</u>	<u>35,552</u>	<u>164,150</u>	<u>35,552</u>
<b>Undistributed income comprising of:</b>				
Realised income	164,150	35,552	164,150	35,552
Unrealised income	-	-	-	-
	<u>164,150</u>	<u>35,552</u>	<u>164,150</u>	<u>35,552</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



Note	(Unaudited)			
	Nine months ended March 31, 2011	For the period from Jan 18, 2010 to March 31, 2010	Quarter ended March 31 2011	2010
Rupees in '000				
<b>Net assets at the beginning of the period</b>	2,296,257	-	1,851,136	-
Issue of 79,846,647 units (2010 : 383,495,150)	833,480	3,835,468	394,060	3,835,468
Redemption of 121,468,863 units (2010 : 80,415,593)	(1,258,884)	(808,263)	(291,497)	(808,263)
	(425,404)	3,027,205	102,563	3,027,205
Issue of 4,406,122 bonus units (2009 : NIL) and 418,079 CIP units (2009 : NIL)	48,212	-	-	-
	1,919,065	3,027,205	1,953,699	3,027,205
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	9,388	3,587	(3,740)	3,587
Net unrealised appreciation / (diminution) in the fair value of investments classified as 'available for sale'	4.5	9,056	(1,996)	5,426
	(733)	-	41	(1,996)
Capital gain / (loss) on sale of investments	(733)	-	41	-
Other net income for the period	156,168	35,552	59,820	35,552
Final Distribution for the year ended June 30, 2010: Rs.0.35 per unit	(77,698)	-	-	-
	77,737	35,552	59,861	35,552
<b>Net assets at the end of the period</b>	<u>2,015,246</u>	<u>3,064,348</u>	<u>2,015,246</u>	<u>3,064,348</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	(Unaudited)			
	Nine months ended March 31,  2011	For the period from Jan 18, 2010 to March 31,  2010	Quarter ended March 31  2011                      2010	
	Rupees in '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	155,435	35,552	59,861	35,552
<b>Adjustments for non-cash items</b>				
Amortisation of preliminary expenses and floatation costs	650	95	212	95
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	9,388	3,587	(3,740)	3,587
Realisation of discount on term finance certificates-net	(170)	-	(153)	-
Capital loss on sale of investments	733	-	(41)	-
Unrealised appreciation / (diminution) on remeasurement of investments classified as financial asset at fair value through profit or loss - net	-	-	-	-
Remuneration of National Investment Trust Limited - Management Company	19,041	4,643	6,283	4,643
Listing Fee	48	22	12	22
Profit on bank deposits	(11,074)	(14,371)	(6,568)	(14,371)
	<u>174,051</u>	<u>29,528</u>	<u>55,866</u>	<u>29,528</u>
<b>(Increase) / decrease in assets</b>				
Investments	478,193	(2,977,075)	36,425	(2,977,075)
Accrued income	(24)	(1,340)	453	(1,340)
Receivable against sale of unit	207,736	(1,317)	-	(1,317)
Advances, Deposits and Prepayments	(7,702)	(449)	(7,678)	(449)
	<u>678,203</u>	<u>(2,980,181)</u>	<u>29,200</u>	<u>(2,980,181)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to National Investment Trust Limited - Management Company	50	344	16	344
Payable to Central Depository Company of Pakistan Limited - Trustee	(102)	364	(32)	364
Payable to Securities and Exchange Commission of Pakistan	284	285	367	285
Payable against redemption of units	(212,508)	20,922	-	20,922
Accrued expenses and other liabilities	1,960	26,333	961	26,333
	<u>(210,316)</u>	<u>48,248</u>	<u>1,312</u>	<u>48,248</u>
Remuneration paid to Management Company	(19,339)	(1,147)	(5,651)	(1,147)
Profit received in bank deposits	7,375	8,619	3,360	8,619

# NIT - INCOME FUND

## CONDENSED INTERIM CASH FLOW STATEMENT

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



	(Unaudited)			
	Nine months ended March 31, 2011	For the period from Jan 18, 2010 to March 31, 2010	Quarter ended March 31	
	2011	2010	2011	2010
	Rupees in '000			
<b>Net cash inflow on operating activities</b>	629,974	(2,894,933)	84,087	(2,894,933)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	833,480	3,835,468	394,010	3,835,468
Dividend paid	(29,486)	-	-	-
Payments on redemption of units	(1,258,884)	(808,263)	(291,447)	(808,263)
<b>Net cash outflow from financing activities</b>	(454,890)	3,027,205	102,563	3,027,205
<b>Net increase in cash and cash equivalents during the period</b>	175,084	132,272	186,650	132,272
Cash and cash equivalents at the beginning of the period	59,470	-	47,904	-
<b>Cash and cash equivalents at the end of the period</b>	234,554	132,272	234,554	132,272

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

#### 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 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.

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.

The Pakistan Credit Rating Agency has assigned stability rating of "AA-" to the fund.

#### 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, 2010.

# NIT - INCOME FUND

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

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



#### 3.1 Standards, interpretations and amendments to published approved accounting standards that are effective from July 1, 2010.

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 January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

#### 3.2 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 January 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 Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but were 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)	(Audited)
		March 31, 2011	June 30, 2010
Rupees in '000			
<b>4 INVESTMENTS</b>			
<b>Available for sale</b>			
Government securities - Market Treasury Bills	4.1	1,395,374	1,870,833
Term finance certificates - listed	4.2 & 4.4	221,601	214,852
Term finance certificates - unlisted	4.3 & 4.4	153,986	155,146
		<u>1,770,961</u>	<u>2,240,831</u>

#### 4.1 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 July 1, 2010	Purchases during the period	Sales / matured during the period	As at March 31, 2011	Cost	Market value	Appreciation / (Diminution)		

(Rupees in '000)

##### Market Treasury Bills

-	August 27, 2009	12 Months	-	50,000	50,000	-	-	-	-	-
-	September 10, 2009	12 Months	-	200,000	200,000	-	-	-	-	-
-	February 25, 2010	6 months	485,000	-	485,000	-	-	-	-	-
-	February 25, 2010	12 months	635,000	-	635,000	-	-	-	-	-
-	March 11, 2010	12 months	300,000	-	300,000	-	-	-	-	-
-	March 25, 2010	12 Months	-	20,000	20,000	-	-	-	-	-
-	May 06, 2010	12 months	237,500	-	50,000	187,500	185,600	185,136	(464)	9%
-	May 20, 2010	3 months	175,000	-	175,000	-	-	-	-	-
-	May 20, 2010	6 months	150,000	-	150,000	-	-	-	-	-
-	July 15, 2010	3 Months	-	125,000	125,000	-	-	-	-	-

# NIT - INCOME FUND

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

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

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 July 1, 2010	Purchases during the period	Sales / matured during the period	As at March 31, 2011	Cost	Market value	Appreciation / (Diminution)		
(Rupees in '000)										
August 26, 2010	3 Months	-	337,000	337,000	-	-	-	-	-	-
November 16, 2010	3 Months	-	438,000	438,000	-	-	-	-	-	-
December 02, 2010	3 Months	-	150,000	150,000	-	-	-	-	-	-
December 30, 2010	3 months	-	100,000	100,000	-	-	-	-	-	-
February 10, 2011	3 Months	-	575,000	200,000	375,000	370,416	370,272	(144)	18%	21%
February 24, 2011	3 Months	-	437,000	-	437,000	429,505	429,330	(175)	21%	24%
March 10, 2011	3 Months	-	300,000	-	300,000	293,379	293,269	(110)	15%	17%
March 24, 2011	3 Months	-	125,000	-	125,000	117,411	117,367	(44)	6%	7%
		1,982,500	2,857,000	3,415,000	1,424,500	1,396,311	1,395,374	(936)	69%	79%

#### 4.2 Term finance certificates - listed

Name of the investee company	Number of certificates				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2010	Purchases during the period	Disposed during the period	As at March 31, 2011	Cost	Market value	Appreciation / (Diminution)		
(Rupees in '000)									
<b>Commercial banks</b>									
Askari Bank Limited	16,000	-	-	16,000	80,795	82,367	1,572	4%	5%
NIB Bank Limited	5,000	-	-	5,000	24,018	24,056	38	1%	1%
United Bank Limited	10,000	-	-	10,000	47,198	49,273	416	2%	3%
	31,000	-	-	31,000	152,011	155,696	2,026	8%	9%
<b>Fertilizer</b>									
Engro Fertilizer Limited	13,000	-	-	13,000	65,662	65,905	243	3%	4%
	44,000	-	-	44,000	217,673	221,601	2,269	11%	13%

#### 4.3 Term finance certificates - unlisted

Name of the investee company	Number of certificates				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2010	Purchases during the period	Disposed during the period	As at March 31, 2011	Cost	Market value	Appreciation / (Diminution)		
(Rupees in '000)									
<b>Commercial banks</b>									
Bank Al-Falah Limited (Fixed)	7,000	-	-	7,000	35,271	34,330	(941)	2%	2%
Bank Al-Falah Limited (Floating)	14,000	-	-	14,000	70,684	70,952	268	4%	4%
Bank Al-Habib Limited	10,000	-	-	10,000	52,055	48,704	(3,351)	2%	3%
	31,000	-	-	31,000	158,010	153,986	(4,024)	8%	9%

# NIT - INCOME FUND

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

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



#### 4.4 Significant terms and conditions of term finance certificates 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
<b>Listed term finance certificates</b>							
Askari Bank Limited	16,000	4,998	6-months KIBOR + 2.50%	November 18, 2009	10 years	Unsecured	AA-
NIB Bank Limited	5,000	4,995	6-months KIBOR + 1.15%	March 5, 2008	8 years	Unsecured	A+
United Bank Limited	10,000	4,995	6-months KIBOR + 0.85%	February 14, 2008	10 years	Unsecured	AA
Engro Fertilizers Limited	13,000	4,998	6-months KIBOR + 2.40%	December 17, 2009	7 years	Secured	AA
<b>Unlisted term finance certificates</b>							
Bank Al-Falah Limited (Fixed)	7,000	4,998	15.00%	December 2, 2009	8 years	Unsecured	AA-
Bank Al-Falah Limited (Floating)	14,000	4,998	6-months KIBOR + 2.50%	December 2, 2009	8 years	Unsecured	AA-
Bank Al-Habib Limited	10,000	4,994	15.50%	June 15, 2009	8 years	Unsecured	AA

	Note	(Unaudited) March 31, 2011	(Audited) June 30, 2010
Rupees in '000			
<b>4.5 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'</b>			
Market value of investments		1,770,961	2,240,831
Less: Carrying value of investments		1,771,994	2,250,920
		(1,033)	(10,089)
Less: Net unrealised appreciation / (diminution) in the fair value of investments at the beginning of period		(10,089)	
		<u>9,056</u>	<u>(10,089)</u>

#### 5 CONTINGENCIES AND COMMITMENTS

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

#### 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 Court (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 annual financial statements for the year ended 30 June 2010.

# NIT - INCOME FUND

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

### FOR THE NINE MONTHS AND QUARTER ENDED MARCH 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 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.

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. 3.009 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 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

	Nine months ended March 31,		Quarter ended March 31,	
	2011	2010	2011	2010
Net income for the period after taxation	155,435	35,552	59,861	35,552
Weighted average number of units outstanding during the period	195,358,168	303,079,557	195,358,168	303,079,557
Earnings per unit	0.7955	0.1200	0.3129	0.1200

#### 9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1** 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.
- 9.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 9.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 9.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

# NIT - INCOME 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>9.5</b>	<b>Details of transactions with connected persons during the period are as follows:</b>			
	<b>National Investment Trust Limited - Management Company</b>			
Bonus units issued during the period (1,249,150 units)	12,484	-	-	-
Front end load on sale of units	64	185	185	38
Management fee for the period	19,041	4,643	6,283	6,058
	<b>National Investment Trust Limited - Employees Provident Fund</b>			
Bonus units issued during the period (84,644 units)	846	-	-	-
	<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee fee for the period	2,162	481	637	737
	<b>Directors &amp; management personnel</b>			
Bonus units issued during the period (700 units)	7	-	-	-
			<b>(Unaudited)</b>	<b>(Audited)</b>
			<b>March 31, 2011</b>	<b>June 30, 2010</b>
			Rupees '000	
<b>9.6</b>	<b>Amounts outstanding at the end of the period:</b>			
	<b>National Investment Trust Limited - Management Company</b>			
36,917,042 units held (June 30,2010: 35,667,891 units)			401,720	368,942
Management fee and other payables			6,869	7,653
	<b>National Investment Trust Limited - Employees Provident Fund</b>			
2,501,551 units held (June 30,2010: 2,416,907 units)			27,221	25,058
	<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee fee payable			217	319
	<b>Directors &amp; management personnel</b>			
Unit held revalued at current NAV (20,700 units)			225	315



# NIT - INCOME FUND

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

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

#### 10 DATE OF AUTHORISATION FOR ISSUE

These condensed 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