



Money is the opposite of  
weather. Nobody talks  
about it but everybody  
does something about it.

Rebecca Johnson

## ■ ASSURANCE IN INCOME

An Open-end Income Fund with investments in a diversified portfolio of high quality debt securities, NIT-IF offers to generate a competitive stream of returns with moderate level of risk for its unit holders.



## CORPORATE INFORMATION

### **FUND NAME**

NIT Income Fund

### **NAME OF AUDITORS**

A.F.Ferguson & Co. Chartered Accountants

### **NAME OF TRUSTEE**

Central Depository Company of Pakistan Limited

### **LIST OF BANKERS**

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Bank Al Habib Limited

Allied Bank Limited

NIB Bank

**NIT - INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT SEPTEMBER 30, 2010**

	Note	September 30, 2010 Unaudited	June 30, 2010 Audited
------(Rupees in '000)-----			
<b>ASSETS</b>			
Bank balances		99,617	59,470
Investments	3	1,911,819	2,240,831
Accrued income		14,500	7,302
Security deposits		350	350
Preliminary expenses and floatation costs		3,800	4,018
Receivable against sale of units		-	207,736
Unamortized annual listing fee		36	-
Total assets		2,030,122	2,519,707
<b>LIABILITIES</b>			
Payable to National Investment Trust Limited - Management Company		6,822	7,653
Payable to Central Depository Company of Pakistan Limited - Trustee		252	319
Payable to Securities and Exchange Commission of Pakistan		402	848
Accrued expenses and other liabilities		2,964	2,122
Payable against redemption of units		-	212,508
Total liabilities		10,440	223,450
<b>NET ASSETS</b>		<u>2,019,682</u>	<u>2,296,257</u>
Unit holders' fund (as per statement attached)		<u>2,019,682</u>	<u>2,296,257</u>
Contingencies and commitments	4		
-----Number of units-----			
Number of units in issue		<u>196,896,540</u>	<u>221,993,179</u>
------(Rupees in '000)-----			
Net asset value per unit		<u>10.2576</u>	<u>10.3438</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 INCOME STATEMENT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Note	September 30, 2010 Unaudited
(Rupees in '000)		
<b>INCOME</b>		
Income from government securities		51,102
Profit on bank deposits		1,604
Income from term finance certificates		13,828
Amortisation of discount on term finance certificates		191
Capital loss on sale of investments		(250)
<b>Total income</b>		<b>66,475</b>
<b>EXPENSES</b>		
Remuneration of National Investment Trust Limited - Management Company		6,700
Remuneration of Central Depository Company of Pakistan Limited - Trustee		788
Annual fee - Securities and Exchange Commission of Pakistan		402
Custodian charges of Central Depository Company of Pakistan Limited		2
Amortisation of preliminary expenses and floatation costs		218
Amortisation of premium on term finance certificates		30
Settlement and bank charges		69
Securities transaction costs		11
Listing fee		24
Auditors' remuneration		150
Printing charges		25
<b>Total expenses</b>		<b>8,419</b>
<b>Net income from operating activities</b>		<b>58,056</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		(3,243)
Workers' welfare fund		(1,121)
<b>Net income for the period before taxation</b>		<b>53,692</b>
Taxation	5	-
<b>Net income for the period after taxation</b>		<b>53,692</b>
Earnings per unit (in Rupees)	6	<u>0.2727</u>

The annexed notes form an integral part of these financial statements

For National Investment Trust Limited  
(Management Company)

Sd/-	Sd/-	Sd/-
Managing Director	Director	Director

## ■ NIT - INCOME FUND

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Note	September 30, 2010 Unaudited
		(Rupees in '000)
Net income for the period after taxation		53,692
Other comprehensive income for the period		
Net unrealised diminution in the fair value of investments classified as 'available for sale'	3.4	(1,480)
Total comprehensive income for the period		<u>52,212</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, 2010**

	September 30, 2010 Unaudited
	(Rupees in '000)
Undistributed income at the beginning of the period	86,413
Final distribution for the year ended June 30, 2010: Rs.0.35 per unit	(77,698)
Net income for the period after taxation	53,692
Undistributed income carried forward	<u>62,407</u>
Undistributed income comprising of:	
Realised income	62,407
Unrealised income	-
	<u>62,407</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, 2010**

	Note	September 30, 2010 Unaudited
		(Rupees in '000)
Net assets at the beginning of the period		2,296,257
Issue of 12,064,990 units		122,469
Redemption of 41,567,751 units		(420,835)
		(298,366)
Issue of 4,406,122 bonus units		44,034
		2,041,925
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		3,243
Net unrealised diminution in the fair value of investments classified as 'available for sale'	3.4	(1,480)
Capital loss on sale of investments		(250)
Other net income for the period		53,942
Final distribution for the year ended June 30, 2010: Rs.0.35 per unit		(77,698)
		(24,006)
Net assets at the end of the period		<u>2,019,682</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, 2010**

	September 30, 2010 Unaudited
	(Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income for the period before taxation	53,692
Adjustments for non-cash items	
Amortisation of preliminary expenses and floatation costs	218
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	3,243
Amortisation of premium on term finance certificates	30
Amortisation of discount on term finance certificates	(191)
	56,992
(Increase) / decrease in assets	
Investments	327,693
Accrued income	(7,198)
Receivable against sale of unit	207,736
Unamortized annual listing fee	(36)
	528,195
Increase / (decrease) in liabilities	
Payable to National Investment Trust Limited - Management Company	(831)
Payable to Central Depository Company of Pakistan Limited - Trustee	(67)
Payable to Securities and Exchange Commission of Pakistan	(446)
Payable against redemption of units	(212,508)
Accrued expenses and other liabilities	842
	(213,010)
Net cash inflow on operating activities	372,177
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Receipts from issue of units	166,503
Dividend paid	(77,698)
Payments on redemption of units	(420,835)
Net cash outflow from financing activities	(332,030)
Net increase in cash and cash equivalents during the period	40,147
Cash and cash equivalents at the beginning of the period	59,470
Cash and cash equivalents at the end of the period	99,617

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, 2010**

## **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.

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., January 16, 2010.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset management rating of 'AM2' to the management company. The rating has not yet being assigned to the Fund as Fund has not yet completed full year of operation.

## **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 INCOME FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Note	September 30, 2010 Unaudited	June 30, 2010 Audited
----- (Rupees in '000) -----			
<b>3 INVESTMENTS</b>			
Available for sale			
Government securities - Market			
Treasury Bills	3.1	1,540,910	1,870,833
Term finance certificates - listed	3.2	214,669	214,852
Term finance certificates - unlisted	3.3	156,240	155,146
		1,911,819	2,240,831

### 3.1 Government securities - Market Treasury Bills

Issue date	Tenor	Face value			Balance as at September 30, 2010			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 September 30, 2010	Book Value	Market value			Appreciation / (Diminution)
----- Rupees in '000 -----										
Market Treasury Bills										
- February 25, 2010	6 months	485,000	-	485,000	-	-	-	0%	0%	
- February 25, 2010	12 months	635,000	-	-	635,000	607,300	603,831	(3,469)	30%	
- March 11, 2010	12 months	300,000	-	-	300,000	285,534	283,931	(1,603)	14%	
- May 06, 2010	12 months	237,500	-	50,000	187,500	175,428	174,168	(1,260)	9%	
- May 20, 2010	3 months	175,000	-	175,000	-	-	-	-	0%	
- May 20, 2010	6 months	150,000	-	-	150,000	147,753	147,530	(223)	7%	
- July 15, 2010	3 months	-	125,000	125,000	-	-	-	-	-	
- August 27, 2009	12 months	-	50,000	50,000	-	-	-	-	-	
- September 10, 2009	12 months	-	175,000	175,000	-	-	-	-	-	
- August 26, 2010	3 months	-	337,000	-	337,000	331,614	331,450	(164)	16%	
- September 10, 2009	12 months	-	25,000	25,000	-	-	-	-	-	
- April 23, 2009	12 months	-	-	-	-	-	-	-	-	
		1,982,500	712,000	1,085,000	1,609,500	1,547,629	1,540,910	(6,719)	76%	81%

### 3.2 Term finance certificates - listed

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

Name of the investee company	Number of certificates				Balance as at September 30, 2010			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 September 30, 2010	Book Value	Market value	Appreciation / (Diminution)		
----- Rupees in '000 -----									
Commercial banks									
Askari Bank Limited	16,000	-	-	16,000	80,835	78,517	(2,318)	4%	4%
NIB Bank Limited	5,000	-	-	5,000	23,938	23,661	(277)	1%	1%
United Bank Limited	10,000	-	-	10,000	47,107	47,218	111	2%	2%
	31,000	-	-	31,000	151,880	149,396	(2,484)	7%	7%
Fertilizer									
Engro Fertilizer Limited	13,000	-	-	13,000	65,721	65,273	(448)	3%	3%
	44,000	-	-	44,000	217,601	214,669	(2,932)	10%	10%

# NIT INCOME FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010

## 3.3 Term finance certificates - unlisted

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

Name of the investee company	Number of certificates			Balance as at September 30, 2010			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 September 30, 2010	Book Value	Market value		
-----Rupees in '000-----								
Commercial banks								
Bank Al-Falah Limited (Fixed)	7,000	-	-	7,000	35,291	34,976	(315)	2%
Bank Al-Falah Limited (Floating)	14,000	-	-	14,000	70,727	70,161	(566)	3%
Bank Al-Habib Limited	10,000	-	-	10,000	52,140	51,103	(1,037)	3%
	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>31,000</u>	<u>158,158</u>	<u>156,240</u>	<u>(1,918)</u>	<u>8%</u>

**September 30, 2010**  
**Unaudited**

(Rupees in '000)

## 3.4 Net unrealised diminution in the fair value of investments classified as 'available for sale'

Fair value of investments	1,911,819
Less: Carrying value of investments	<u>(1,923,388)</u>
	(11,569)
Less: Net un realised (diminution) in fair value of investments at the beginning of the period	<u>10,089</u>
	<u>(1,480)</u>

## 4 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2010.

## 5 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.

**September 30, 2010**  
**Unaudited**

(Rupees in '000)

## 6 EARNINGS PER UNIT - BASIC AND DILUTED

Net income for the period after taxation	<u>53,692</u>
	(Number of units)
Units outstanding during the period	<u>196,877,371</u>
	(Rupees)
Earnings per unit	<u>0.2727</u>

**NIT INCOME FUND NOTES TO AND FORMING PART  
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30, 2010 Unaudited	
	(Rupees in '000)	
<b>7 TRANSACTIONS WITH CONNECTED PERSONS</b>		
The details of significant transactions carried out by the Fund with connected person and balances with them at period end are as follows:		
Details of transactions during the period:		
National Investment Trust Limited - Management Company		
Unit issued during the period		-
Units redeemed during the period		-
Front end load on sale of units		10
Management fee for the period		6,700
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee for the period		788
Directors & management personnel		
Unit issued (19,640 units)		-
	September 30, 2010 Unaudited	June 30, 2010 Audited
	----- (Rupees in '000) -----	
Amount outstanding as at period end		
National Investment Trust Limited - Management Company		
Units held revalued at current NAV (39,418,593 units)	404,340	394,000
Management fee and other payables	6,822	7,653
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	252	319
Directors & management personnel		
Unit held revalued at current NAV (20,700 units)	212	315

**8 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on October 14, 2010 by the Board of Directors of the Management Company.

**9 GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

For National Investment Trust Limited  
(Management Company)

Sd/-	Sd/-	Sd/-
Managing Director	Director	Director