

NIT - INCOME FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

TRUSTEE REPORT TO THE UNIT HOLDERS

NIT - INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NIT - Income Fund (the Fund) are of the opinion that National Investment Trust Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 11, 2014

INTRODUCTION

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NIT- Income Fund** ("the Fund") as at 31 December 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

OTHER MATTERS

The figures for the three months period ended 31 December 2013, in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The interim financial information of the Fund for the six months period ended 31 December 2012 and financial statements for the year ended 30 June 2013 were reviewed and audited by another firm of auditors whose reports dated 07 February 2013 and 06 August 2013 expressed an unmodified conclusion and opinion thereon respectively.

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem
Dated: February 13, 2014
Karachi

NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2013

	Note	31 December 2013 Unaudited (Rupees in '000)	30 June 2013 Audited
Assets			
Bank balances	6	26,009	86,598
Investments	7	3,362,537	3,612,740
Profit receivable		6,850	12,148
Security deposit		100	100
Preliminary expenses and floatation costs		983	1,420
Total assets		3,396,479	3,713,006
Liabilities			
Payable to National Investment Trust Limited - Management Company		9,196	9,407
Payable to Central Depository Company of Pakistan Limited - Trustee		315	332
Payable to Securities and Exchange Commission of Pakistan		1,311	2,415
Payable against redemption of units		4,164	448
Accrued expenses and other liabilities	8	24,792	19,960
Total liabilities		39,778	32,562
Net Assets		3,356,701	3,680,444
Unit holders' fund (as per statement attached)		3,356,701	3,680,444
Contingencies and commitments			
	9		
		(Number of units)	
Number of units in issue		317,568,197	326,445,948
		(Rupees)	
Net assets value per unit		10.5700	11.2743

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

Note	Six months period ended		Three months period ended	
	2013	2012	2013	2012
	(Rupees in '000)			
Income				
Income from government securities	128,082	99,286	63,040	50,773
Profit on bank balances	4,879	2,364	1,934	991
Income from term finance certificates	27,912	40,008	10,829	19,546
Income from sukuks	-	5,361	-	2,982
Income from term deposit receipts	-	322	-	322
Income from certificates of investment	854	15,520	-	7,289
Income from letters of placement	4,734	964	4,056	422
Amortisation of premium / (discount) on term finance certificates - net	902	(79)	(69)	(255)
Capital gain on sale of investments - net	7,460	430	4,942	272
Total income	174,823	164,176	84,732	82,342
Expenses				
Remuneration of National Investment Trust Limited - Management Company	21,847	17,808	10,677	9,376
Sindh sales tax on remuneration of Management Company	4,115	2,849	1,983	1,500
Federal excise duty on remuneration of Management Company	3,862	-	1,709	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,914	1,640	940	852
Annual fee - Securities and Exchange Commission of Pakistan	1,311	1,068	641	562
Provisioning on non -performing term finance certificate	6,218	-	6,218	-
Central Depository Company charges	5	3	3	1
Amortisation of preliminary expenses and floatation costs	436	436	218	218
Settlement and bank charges	161	130	74	66
Securities transaction costs	120	120	75	64
Listing fee	120	60	-	-
Auditors' remuneration	203	183	3	158
Printing charges	50	50	25	25
Rating fee	-	75	-	75
Total expenses	40,362	24,422	22,566	12,897
Net income from operating activities	134,461	139,754	62,166	69,445
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	4	(6,832)	40,945	(2,820)
Provision for Workers' Welfare Fund	10	(2,553)	(3,610)	(1,187)
Net income for the period before taxation	125,076	177,089	58,159	96,653

NIT - INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

Note	Six months period ended		Three months period ended	
	2013	2012	2013	2012
	(Rupees in '000)			
Taxation	-	-	-	-
Net income for the period after taxation	<u>125,076</u>	<u>177,089</u>	<u>58,159</u>	<u>96,653</u>
Earnings per unit - basic and diluted (in Rupees)	<u>0.3746</u>	<u>0.6614</u>	<u>0.1797</u>	<u>0.3528</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

Note	Six months period ended		Three months period ended	
	2013	2012	2013	2012
	(Rupees in '000)			
Net income for the period after taxation	125,076	177,089	58,159	96,653
Items to be reclassified to income statement in subsequent periods:				
Other comprehensive income				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	7.7 (14,184)	17,792	1,288	5,259
Total comprehensive income for the period	<u>110,892</u>	<u>194,881</u>	<u>59,447</u>	<u>101,912</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - INCOME FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Note	2013 (Rupees in '000)	2012 (Rupees in '000)
Undistributed income brought forward comprising:			
Realised income		399,089	307,922
Unrealised income		-	-
		<u>399,089</u>	<u>307,922</u>
Final distribution for the year ended 30 June 2013: Rs 1.0590 per unit (2012: Rs 1.1065 per unit)			
- Bonus Units		(285,777)	(202,742)
- Cash Distribution		(57,531)	(49,181)
- Units under Cumulative Investment Plan		(2,399)	(2,665)
		<u>(345,707)</u>	<u>(254,588)</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	4	1,300	-
Net income for the period after taxation		125,076	177,089
		<u>179,758</u>	<u>230,423</u>
Undistributed income carried forward			
Undistributed income carried forward comprising:			
Realised income		179,758	230,423
Unrealised income		-	-
		<u>179,758</u>	<u>230,423</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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 (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Note	2013 (Rupees in '000)	2012 (Rupees in '000)
Net assets at beginning of the period		3,680,444	2,622,174
Issue of 38,827,936 units (2012: 86,656,101 units) for the six months period ended 31 December 2013		400,757	923,697
Redemption of 75,915,869 units (2012: 33,962,282 units) for the six months period ended 31 December 2013		(784,693)	(361,605)
		<u>(383,936)</u>	<u>562,092</u>
Issue of 27,975,380 units (2012: 19,702,603 units) as bonus units for the six months period ended 31 December 2013		285,777	202,742
Issue of 234,802 units (2012: 259,001 units) under Cumulative Investment Plan for the six months period ended 31 December 2013		2,399	2,665
		<u>3,584,684</u>	<u>3,389,673</u>
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		6,832	(40,945)
- transferred to condensed interim income statement			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	7.7	(14,184)	17,792
Capital gain on sale of investments - net		7,460	430
Other net income for the period		117,616	176,659
Final distribution for the year ended 30 June 2013: Rs 1.0590 per unit (2012: Rs 1.1065 per unit)			
- Bonus Units		(285,777)	(202,742)
- Cash Distribution		(57,531)	(49,181)
- Units under Cumulative Investment Plan		(2,399)	(2,665)
		<u>(220,631)</u>	<u>(77,499)</u>
Net assets at end of the period		<u>3,356,701</u>	<u>3,289,021</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Note	2013 (Rupees in '000)	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		125,076	177,089
Adjustments:			
Amortisation of preliminary expenses and floatation costs		436	436
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		6,832	(40,945)
Amortisation of premium / (discount) on term finance certificates - net		(902)	79
Capital gain on sale of investments - net		(7,460)	(430)
Provisioning on non -performing term finance certificate		6,218	-
Profit on bank balances		(4,879)	(2,364)
		125,321	133,865
(Increase) / decrease in assets			
Investments		237,714	(498,406)
Profit receivable		5,278	(8,690)
		242,992	(507,096)
Increase / (decrease) in liabilities			
Payable against redemption of units		3,716	4,469
Payable to National Investment Trust Limited - Management Company		239	951
Payable to Central Depository Company of Pakistan Limited - Trustee		(17)	56
Payable to Securities and Exchange Commission of Pakistan		(1,104)	(539)
Accrued expenses and other liabilities		4,832	795
		7,666	5,732
Profit received on bank balances		4,899	2,418
Net cash generated from / (used in) operating activities		380,878	(365,081)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		400,757	923,697
Distribution paid		(57,531)	(49,181)
Payments on redemption of units		(784,693)	(361,605)
Net cash (used in) / generated from financing activities		(441,467)	512,911
Net (decrease) / increase in cash and cash equivalents during the period		(60,589)	147,830
Cash and cash equivalents at beginning of the period		86,598	91,737
Cash and cash equivalents at end of the period	6	26,009	239,567

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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
INFORMATION
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NIT - Income Fund (the "Fund") was established under a Trust Deed executed on 17 September 2009 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 20 November 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("NBFC Rules"). The Fund is categorized as an Income Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters.
- 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. 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 15 February 2010 to 19 February 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. Subsequent to the initial period i.e., after 19 February 2010 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 fixed income securities / instruments.
- 1.5** Pakistan Credit Rating Agency Limited (PACRA) has assigned a rating of A+(f) to the fund and the Management Company has been assigned management rating "AM2-" by PACRA.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

- 2.2** The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2013.

- 2.3** 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). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2013, except for the change in accounting estimate (refer note 4).

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2013, except for change in methodology of calculation and classification of element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed ("element").

During the period ended 31 December 2013, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year / period is recognised in condensed income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the period on available for sale securities is included in condensed distribution statement. Previously, the entire element was recognised in the income statement based on cumulative values of undistributed income and unrealised gains / (losses) on available for sale securities present in the net asset value of units.

The revised methodology, in the opinion of management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund and net income from the operating activities. Had the management not changed its methodology the income for the period would have decreased by Rs. 0.055 million.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2013.

6 BANK BALANCES

	31 December 2013 Unaudited	30 June 2013 Audited
	(Rupees in '000)	

In current accounts	185	34
In savings accounts	25,824	86,564
	26,009	86,598

6.1 These accounts carry profit at rates ranging from 6% to 9.5% per annum (30 June 2013: 6% to 12% per annum).

7 INVESTMENTS

Available for sale

Government securities	7.1	2,573,409	2,844,339
Term finance certificates - listed	7.2 & 7.4	208,946	290,895
Term finance certificates - unlisted	7.3 & 7.4	155,182	277,506
Certificates of Investment	7.5	-	150,000
Letter of Placements	7.6	425,000	50,000
		3,362,537	3,612,740

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

7.1 Investment in government securities - Available for sale

Issue date	Tenor	Face value				Balance as at 31 December 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2013	Purchases during the period	Sales / matured during the period	As at 31 December 2013	Carrying value	Market value	Appreciation / (Diminution)		
(Rupees in '000)										
Market Treasury Bills										
26 July 2012	12 Months	100,000	-	100,000	-	-	-	-	-	-
09 August 2012	12 Months	200,000	-	200,000	-	-	-	-	-	-
04 October 2012	12 Months	15,000	100,000	115,000	-	-	-	-	-	-
01 November 2012	12 Months	-	60,000	60,000	-	-	-	-	-	-
10 January 2013	6 Months	75,000	-	75,000	-	-	-	-	-	-
24 January 2013	6 Months	255,000	150,000	405,000	-	-	-	-	-	-
21 February 2013	6 Months	80,000	-	80,000	-	-	-	-	-	-
07 March 2013	6 Months	100,000	-	100,000	-	-	-	-	-	-
21 March 2013	6 Months	50,000	-	50,000	-	-	-	-	-	-
18 April 2013	3 Months	270,000	-	270,000	-	-	-	-	-	-
02 May 2013	3 Months	545,000	235,000	780,000	-	-	-	-	-	-
16 May 2013	6 Months	250,000	-	250,000	-	-	-	-	-	-
30 May 2013	6 Months	350,000	375,000	725,000	-	-	-	-	-	-
30 May 2013	12 Months	150,000	-	-	150,000	144,804	144,038	(766)	4.29	4.28
13 June 2013	6 Months	200,000	-	200,000	-	-	-	-	-	-
13 June 2013	12 Months	250,000	-	-	250,000	240,643	239,165	(1,478)	7.13	7.11
12 July 2013	3 Months	-	290,000	290,000	-	-	-	-	-	-
12 July 2013	6 Months	-	296,600	-	296,600	296,042	295,855	(187)	8.81	8.80
12 July 2013	12 Months	-	150,000	-	150,000	143,578	142,432	(1,146)	4.24	4.24
25 July 2013	6 Months	-	500,000	-	500,000	497,413	496,792	(621)	14.80	14.77
07 August 2013	3 Months	-	45,000	45,000	-	-	-	-	-	-
19 September 2013	3 Months	-	515,000	515,000	-	-	-	-	-	-
28 November 2013	3 Months	-	550,000	-	550,000	542,746	542,301	(445)	16.16	16.13
12 December 2013	3 Months	-	700,000	-	700,000	688,152	687,598	(554)	20.48	20.45
		2,890,000	3,966,600	4,260,000	2,596,600	2,553,378	2,548,181	(5,197)	75.91	75.78
Pakistan Investment Bond										
19 July 2012	3 years	25,000	-	-	25,000	25,375	25,228	(147)	0.75	0.75
		25,000	-	-	25,000	25,375	25,228	(147)	0.75	0.75
		2,915,000	3,966,600	4,260,000	2,621,600	2,578,753	2,573,409	(5,344)		

7.2 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 31 December 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2013	Purchases during the period	Disposed during the period	As at 31 December 2013	Carrying value *	Market value	Appreciation / (Diminution)		
(Rupees in '000)									
Commercial banks									
Askari Bank Limited	16,000	-	-	16,000	80,504	81,062	558	2.41	2.41
NIB Bank Limited	5,000	-	5,000	-	-	-	-	-	-
United Bank Limited	7,000	-	7,000	-	-	-	-	-	-
Summit Bank Limited	20,000	-	-	20,000	93,784	93,784	-	2.79	2.79
	48,000	-	12,000	36,000	174,288	174,846	558	5.21	5.20
Fertilizer									
Engro Fertilizer Limited	13,000	-	5,000	8,000	33,800	34,100	300	1.02	1.01
	61,000	-	17,000	44,000	208,088	208,946	858		

* In case of debt securities against which provision has been made, these are carried at amortised cost less provision

7.2.1 The Fund has made provision amounting to Rs. 6.218 million in compliance with the requirements of circular 33 of 2012 dated 24 October 2012.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

7.3 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 31 December 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2013	Purchases during the period	Disposals during the period	As at 31 December 2013	Carrying value	Market value	Appreciation / (Diminution)		
					(Rupees in '000)			(%)	
Commercial banks									
Bank Al-Falah Limited (Fixed)	7,000	-	-	7,000	35,122	37,523	2,401	1.12	1.12
Bank Al-Falah Limited (Floating)	14,000	-	8,750	5,250	26,399	27,693	1,294	0.83	0.82
Bank Al-Habib Limited (June 2009)	10,000	-	-	10,000	51,499	52,311	812	1.56	1.56
Bank Al-Habib Limited (June 2011)	20,000	-	13,000	7,000	34,965	37,655	2,690	1.12	1.12
	51,000	-	21,750	29,250	147,985	155,182	7,197		

7.4 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
Listed term finance certificates							
Askari Bank Limited	16,000	4,992	6-months KIBOR + 2.50%	18 November 2009	10 years	Unsecured	AA-
Summit Bank Limited	20,000	4,995	6-months KIBOR + 3.25%	27 October 2011	7 years	Unsecured	NPA
Engro Fertilizers Limited	8,000	4,200	6-months KIBOR + 2.40%	17 December 2009	7 years	Secured	A
Unlisted term finance certificates							
Bank Al-Falah Limited (Fixed)	7,000	4,992	15.00%	02 December 2009	8 years	Unsecured	AA-
Bank Al-Falah Limited (Floating)	5,250	4,992	6-months KIBOR + 2.50%	02 December 2009	8 years	Unsecured	AA-
Bank Al-Habib Limited (June 2009)	10,000	4,982	15.50%	15 June 2009	8 years	Unsecured	AA
Bank Al-Habib Limited (June 2011)	7,000	4,995	15.00%	30 June 2011	10 years	Unsecured	AA

7.5 Certificates of Investment

Name of the investee company	Number of certificates				Balance as at 31 December 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2013	Purchases during the period	Matured during the period	As at 31 December 2013	Carrying value	Market value	Appreciation / (Diminution)		
					(Rupees in '000)			(%)	
Pak Libya Holding Company (Private) Limited	50,000	-	50,000	-	-	-	-	-	-
Saudi Pak Industrial and agriculture company	100,000	-	100,000	-	-	-	-	-	-
	150,000	-	150,000	-	-	-	-	-	-

7.6 Letter of Placement

Name of the investee company	Number of certificates				Balance as at 31 December 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2013	Purchases during the period	Disposals / Matured during the period	As at 31 December 2013	Carrying value	Market value	Appreciation / (Diminution)		
					(Rupees in '000)			(%)	
Pak Libya Holding Company (Private) Limited	50,000	305,000	130,000	225,000	225,000	225,000	-	6.70	6.69
Pak Brunei Investment Company	-	300,000	100,000	200,000	200,000	200,000	-	5.96	5.95
	50,000	605,000	230,000	425,000	425,000	425,000	-		

7.6.1 These carry profit at rates ranging from 10.20% to 10.25% (30 June 2013: 9.70% to 10.25%) per annum having maturity upto maximum of 40 days.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

7.7 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'

	31 December 2013	30 June 2013
	Unaudited	Audited
	(Rupees in '000)	
Market value of investments	3,362,537	3,612,740
Less: Carrying value of investments	(3,359,826)	(3,595,845)
	2,711	16,895
Less: Net unrealised appreciation / (diminution) on re-measurement of investments at beginning of the period / year	16,895	(13,410)
Net unrealised (diminution) / appreciation during the period / year	(14,184)	3,485

8 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2013	30 June 2013
Brokerage payable	108	-
Auditors' remunerable payable	173	368
Provision for Worker's Welfare Fund	21,226	18,673
Federal excise duty payable on remuneration to Management Company	2,282	-
Dividend payable	183	29
Zakat payable	699	445
Capital gains tax payable	63	315
Printing charges payable	25	25
Withholding tax payable	8	5
Legal and professional charges payable	25	100
	24,792	19,960

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2013.

10 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.

Subsequent to the year ended 30 June 2011, 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 14 December 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.

During the year 2012, the Honorable 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, declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) in various Constitutional Petitions declared that amendments introduced in the WWF Ordinance, 1971 through Finance Act 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the six months period ended 31 December 2013. As at 31 December 2013 the management has maintained provision against Workers' Welfare Funds' amounting to Rs. 21.226 million, if the same were not made the net assets value per unit of the Fund would have been higher by Rs. 0.0668.

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

11 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending 30 June 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

12 EARNINGS PER UNIT

	Six months period ended		Three months period ended	
	2013	2012	2013	2012
	-----Unaudited-----			
	----- (Rupees in '000) -----			
Net income for the period after taxation	125,076	177,089	58,159	96,653
	----- (Number of units) -----			
Weighted average number of units outstanding	333,891,403	267,733,043	323,703,737	273,962,872
	----- (Rupees) -----			
Earnings per unit - basic and diluted	0.3746	0.6614	0.1797	0.3528

13 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 13.1 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.
- 13.2 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 13.3 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.
- 13.4 Other transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 13.5 Details of transactions with connected persons during the period are as follows:

	Six months period ended		Three months period ended	
	2013	2012	2013	2012
	-----Unaudited-----			
	----- (Rupees in '000) -----			
National Investment Trust Limited - Management Company				
Issue of 7,083,978 bonus units (2012: 4,383,749 bonus units)	72,365	45,109	-	-
Issue of Nil units (2012: 23,182,063 units)	-	250,000	-	-
Front end load on sale of units	14	31	5	29
Remuneration of the Management Company	21,847	17,808	10,677	9,376
Sindh Sales Tax on remuneration to Management Company	4,115	2,849	1,983	2,849
Federal excise duty on remuneration of Management Company	3,862	-	1,709	-

NIT - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Six months period ended		Three months period ended	
	2013	2012	2013	2012
	-----Unaudited-----			
	----- (Rupees in '000) -----			
National Investment Trust Limited - Employees Provident Fund				
Issue of 519,852 bonus units (2012: 275,040 units)	5,313	2,830	-	(27,193)
National Investment Trust Limited - Employees Pension Fund				
Issue of 1,518,128 bonus units (2012: 1,110,213 units)	15,509	11,424	-	(109,765)
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee for the period	1,914	1,640	940	852

13.6 Amounts outstanding at the end of the period:

	31 December 2013	30 June 2013
	Unaudited	Audited
	----- (Rupees in '000) -----	
National Investment Trust Limited - Management Company		
75,417,269 units held (30 June 2013: 68,333,291 units)	797,161	770,410
Management fee payable	4,238	4,463
Formation cost and other initial charges payable	4,484	4,484
Sales load payable	474	460
Federal excise duty payable on remuneration to Management Company	2,282	-
National Bank of Pakistan		
29,376,653 units held (30 June 2013: 29,376,653 units)	310,511	331,202
National Investment Trust Limited - Employees Provident Fund		
5,534,432 units held (30 June 2013: 5,014,580 units)	58,499	56,536
National Investment Trust Limited - Employees Pension Fund		
16,162,261 units held (30 June 2013: 14,644,133 units)	170,835	165,103
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	315	332
Security Deposit	100	100

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 13, 2014 by the Board of Directors of the Management Company.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director