

# CORPORATE INFORMATION

## **FUND NAME**

NIT - Income Fund

## **NAME OF AUDITORS**

KPMG Taseer Hadi & Co. Chartered Accountants

## **LIST OF BANKERS**

Allied Bank Limited

Bank Al Habib Limited

NIB Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Summit Bank Limited (Formerly Arif Habib Bank Limited)

Soneri Bank Limited

Bank Al Falah Limited

# NIT - INCOME FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

### AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013 Unaudited	June 30, 2013 Audited
-----Rupees in '000-----			
<b>ASSETS</b>			
Bank balances		53,162	86,598
Investments	4	3,334,078	3,612,740
Accrued income		20,156	12,148
Security deposits		100	100
Preliminary expenses and floatation costs		1,201	1,420
<b>Total assets</b>		<b>3,408,697</b>	<b>3,713,006</b>
<b>LIABILITIES</b>			
Payable to National Investment Trust Limited - Management Company		9,771	9,407
Payable to Central Depository Company of Pakistan Limited - Trustee		641	332
Payable to Securities and Exchange Commission of Pakistan		670	2,415
Accrued expenses and other liabilities		21,304	448
Payable against redemption of units		-	19,960
<b>Total liabilities</b>		<b>32,386</b>	<b>32,562</b>
<b>NET ASSETS</b>		<u>3,376,311</u>	<u>3,680,444</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>3,376,311</u>	<u>3,680,444</u>
<b>Contingencies and commitments</b>	5	-	-
-----Number of units-----			
<b>Number of units in issue</b>		<u>325,393,627</u>	<u>326,445,948</u>
-----Rupees-----			
<b>Net asset value per unit</b>		<u>10.3761</u>	<u>11.2743</u>

The annexed notes from 1 to 11 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, 2013

	Note	September 30, 2013 Unaudited Rupees in '000	September 30, 2012 Unaudited Rupees in '000
<b>INCOME</b>			
Income from government securities		65,042	48,513
Profit on bank deposits		2,945	1,373
Income from term finance certificates		17,083	22,841
Income from letter of placement		678	-
Income from certificate of investment		854	8,231
Amortisation of discount on term finance certificates		971	228
Capital gain/(loss) on sale of investments		2,518	158
Other Income		-	542
<b>Total income</b>		<b>90,091</b>	<b>81,887</b>
<b>EXPENSES</b>			
Remuneration of National Investment Trust Limited - Management Company		11,170	8,432
Sales tax on Management Company's Remuneration		2,132	1,349
Federal Excise Duty on remuneration of Management Company		2,153	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		974	788
Annual fee - Securities and Exchange Commission of Pakistan		670	506
CDS charges by Central Depository Company of Pakistan Limited		2	2
Amortisation of preliminary expenses and floatation costs		218	218
Amortisation of premium on term finance certificates		-	52
Settlement and bank charges		87	64
Securities transaction costs		45	56
Listing fee		120	60
Auditors' remuneration		200	25
Printing charges		25	25
<b>Total expenses</b>		<b>17,796</b>	<b>11,576</b>
<b>Net income from operating activities</b>		<b>72,295</b>	<b>70,311</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	6	(4,012)	11,772
Workers' welfare fund	7	(1,366)	(1,645)
<b>Net income for the period before taxation</b>		<b>66,917</b>	<b>80,438</b>
Taxation	9	-	-
<b>Net income for the period after taxation</b>		<b>66,917</b>	<b>80,438</b>
<b>Earnings per unit (in Rupees)</b>		<b>0.1945</b>	<b>0.3115</b>

The annexed notes from 1 to 11 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 QUARTER ENDED SEPTEMBER 30, 2013

	Note	September 30, 2013 Unaudited Rupees in '000	September 30, 2012 Unaudited Rupees in '000
Net income for the period after taxation		66,917	80,438
<b>Other comprehensive income for the period</b>			
Net unrealised appreciation / (diminution) in the fair value of investments classified as "available for sale"	4.7	(15,472)	12,533
<b>Total comprehensive income for the period</b>		<u>51,445</u>	<u>92,970</u>

The annexed notes from 1 to 11 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, 2013

	Note	September 30, 2013 Unaudited Rupees in '000	September 30, 2012 Unaudited Rupees in '000
Undistributed income at the beginning of the period			
- Realised Income		399,089	307,922
Final Distribution for the year ended June 30, 2012: Rs.1.1065 per unit (2011: Rs.1.0581 per unit)			
- Cash Distribution		(57,531)	(49,181)
- Units under Cumulative Plan		(2,399)	(2,665)
- Bonus Units		(285,777)	(202,742)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	6	878	-
Net income for the period after taxation		66,917	80,438
Undistributed income carried forward		<u>121,177</u>	<u>133,772</u>
<b>Undistributed income comprising of:</b>			
Realised income		121,177	133,772
Unrealised income		-	-
		<u>121,177</u>	<u>133,772</u>

The annexed notes from 1 to 11 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, 2013

Note	September 30, 2013 Unaudited Rupees in '000	September 30, 2012 Unaudited Rupees in '000
<b>Net assets at the beginning of the period</b>	3,680,444	2,622,174
Issue of 30,645,363 units (2012: 28,890,622 units)	314,780	300,988
Redemption of 59,907,866 units (2012: 14,240,125)	(616,839)	(148,502)
	3,378,385	152,486
Issue of 27,975,380 bonus units (2012: 19,702,603)	285,777	202,742
Issue of 234,802 units under Cumulative Investment Plan (2012: 259,001)	2,399	2,665
	3,666,561	2,980,067
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	4,012	(11,772)
Net unrealised appreciation / (diminution) in the fair value of investments classified as "available for sale"	4.7 (15,472)	12,533
Capital gain/(loss) on sale of investments	2,518	158
Other net income for the period	64,399	80,280
Final Distribution for the year ended June 30, 2013: Rs.1.0590 per unit (2012: Rs.1.1065 per unit)		
- Cash Distribution	(57,531)	(49,181)
- Units under Cumulative Plan	(2,399)	(2,665)
- Bonus Units	(285,777)	(202,742)
	(278,790)	(174,150)
<b>Net assets at the end of the period</b>	<b>3,376,311</b>	<b>2,806,678</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 CASH FLOW STATEMENT

### FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	September 30, 2013 Unaudited Rupees in '000	September 30, 2012 Unaudited Rupees in '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	66,917	80,438
<b>Adjustments for non-cash items</b>		
Amortisation of preliminary expenses and floatation costs	218	218
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	4,012	(11,772)
Amortisation of premium on term finance certificates	(971)	52
Amortisation of premium/discount on term finance certificates	-	(228)
	70,176	68,708
<b>(Increase) / decrease in assets</b>		
Investments	264,162	(218,768)
Accrued income	(8,008)	(9,010)
Receivable against sale of unit	-	-
	256,154	(227,778)
<b>Increase / (decrease) in liabilities</b>		
Payable to National Investment Trust Limited - Management Company	364	357
Payable to Central Depository Company of Pakistan Limited - Trustee	309	20
Payable to Securities and Exchange Commission of Pakistan	(1,745)	(1,101)
Payable against redemption of units	(19,960)	341
Accrued expenses and other liabilities	20,856	2,699
	(176)	2,316
<b>Net cash inflow on operating activities</b>	326,154	(156,754)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	314,780	300,988
Dividend paid	(57,531)	(48,973)
Payments on redemption of units	(616,839)	(148,502)
<b>Net cash outflow from financing activities</b>	(359,590)	103,513
<b>Net increase in cash and cash equivalents during the period</b>	(33,436)	(53,241)
Cash and cash equivalents at the beginning of the period	86,598	91,737
<b>Cash and cash equivalents at the end of the period</b>	53,162	38,496

The annexed notes from 1 to 11 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, 2013

#### 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 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.

Pakistan Credit Rating Agency Limited (PACRA) has assigned "A+(f)" rating to the Fund and has assigned an asset management rating of AM2- to the management company.

#### 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, 2013.

##### 3.1 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 July 1, 2012:

- a IAS 1, 'Financial statement presentation' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendment will not have any significant effect on the Fund's financial statements.
- b IFRS 7, 'Financial instruments: Disclosures' (effective January 1, 2013). This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.
- c IAS 32, 'Financial instruments: Presentation', (effective January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.

There are other amendments to the standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are 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.



# NIT - INCOME FUND

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Note	(Unaudited) September 30, 2013	(Audited) June 30, 2013
-----Rupees in '000-----			
<b>4 INVESTMENTS</b>			
<b>Available for sale</b>			
Government securities:			
-Market Treasury Bills	4.1	2,855,329	2,818,378
-Pakistan Investment Bonds		25,079	25,961
Term finance certificates - listed	4.2 & 4.4	207,433	290,895
Term finance certificates - unlisted	4.3 & 4.4	246,237	277,506
Certificates of investment	4.5	-	150,000
Letter of Placement	4.6	-	50,000
		3,334,078	3,612,740

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

Issue date	Tenor	Face value				Balance as at September 30, 2013			Market value as a percentage of net assets
		As at July 1, 2013	Purchases during the period	Sales / matured during the period	As at September 30, 2013	Cost	Market value	Appreciation / (Diminution)	
----- (Rupees in '000) -----									
<b>Market Treasury Bills</b>									
- July 26, 2012	12 Months	100,000	-	100,000	-	-	-	-	0%
- August 09, 2012	12 Months	200,000	-	200,000	-	-	-	-	0%
- October 04, 2012	12 Months	15,000	100,000	115,000	-	-	-	-	0%
- January 10, 2013	6 Months	75,000	-	75,000	-	-	-	-	0%
- January 24, 2013	6 Months	255,000	150,000	405,000	-	-	-	-	0%
- February 21, 2013	6 Months	80,000	-	80,000	-	-	-	-	0%
- March 07, 2013	6 Months	100,000	-	100,000	-	-	-	-	0%
- March 21, 2013	6 Months	50,000	-	50,000	-	-	-	-	0%
- April 18, 2013	3 Months	270,000	-	270,000	-	-	-	-	0%
- May 02, 2013	3 Months	545,000	235,000	780,000	-	-	-	-	0%
- May 16, 2013	6 Months	250,000	-	-	250,000	247,292	247,214	(78)	7%
- May 30, 2013	6 Months	350,000	375,000	-	725,000	714,851	714,435	(416)	21%
- May 30, 2013	12 Months	150,000	-	-	150,000	141,574	141,101	(473)	4%
- June 13, 2013	6 Months	200,000	-	-	200,000	196,519	196,379	(140)	6%
- June 13, 2013	12 Months	250,000	-	-	250,000	235,329	234,318	(1,011)	7%
- July 12, 2013	3 Months	-	290,000	290,000	-	-	-	-	0%
- July 12, 2013	6 Months	-	296,600	-	296,600	289,620	289,134	(486)	9%
- July 12, 2013	12 Months	-	150,000	-	150,000	140,468	139,585	(883)	4%
- July 25, 2013	6 Months	-	500,000	-	500,000	486,034	485,677	(357)	15%
- August 07, 2013	3 Months	-	45,000	-	45,000	-	-	-	0%
- September 19, 2013	3 Months	-	515,000	-	515,000	407,497	407,486	(11)	12%
		-	-	-	-	-	-	-	0%
<b>Total</b>		2,890,000	2,656,600	2,465,000	3,081,600	2,859,184	2,855,329	(3,855)	86%
<b>Pakistan Investment Bond</b>									
July 19, 2012	3 years	25,000	-	-	25,000	25,431	25,079	(352)	1%
<b>Total</b>		2,915,000	2,656,600	2,465,000	3,106,600	2,884,615	2,880,408	(4,207)	87%

# NIT - INCOME FUND

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

### FOR THE QUARTER ENDED SEPTEMBER 30, 2013

#### 4.1 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, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2013	Purchases during the period	Disposed during the period	As at September 30, 2013	Cost	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----									
<b>Commercial banks</b>									
Askari Bank Limited	16,000	-	-	16,000	80,542	79,567	(975)	2%	2%
NIB Bank Limited	5,000	-	5,000	-	-	-	-	0%	0%
United Bank Limited	7,000	-	7,000	-	-	-	-	0%	0%
Summit Bank Limited	20,000	-	-	20,000	99,931	92,498	(7,433)	3%	3%
	48,000	-	12,000	36,000	180,473	172,065	(8,408)	5%	5%
<b>Fertilizer</b>									
Engro Fertilizer Limited	13,000	-	5,000	8,000	35,425	35,368	(57)	1%	1%
	61,000	-	17,000	44,000	215,898	207,433	(8,465)	6%	6%

#### 4.2 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, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2013	Purchases during the period	Disposed during the period	As at September 30, 2013	Cost	Market value	Appreciation / (Diminution)		
----- (Rupees in '000) -----									
<b>Commercial banks</b>									
Bank Al-Falah Limited (Fixed)	7,000	-	-	7,000	35,139	37,789	2,650	1%	1%
Bank Al-Falah Limited (Floating)	14,000	-	-	14,000	70,471	73,010	2,539	2%	2%
Bank Al-Habib Limited (3rd Issue)	10,000	-	-	10,000	51,592	53,561	1,969	2%	2%
Bank Al-Habib Limited (4th Issue)	20,000	-	5,000	15,000	74,940	81,877	6,937	2%	2%
	51,000	-	5,000	46,000	232,142	246,237	14,095	7%	7%

#### 4.3 Significant terms and conditions of term finance certificates & sukuk 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	4,993	6-months KIBOR + 2.50%	November 18, 2009	10 years	Unsecured	AA-
Engro Fertilizers Limited	8,000	4,399	6-months KIBOR + 2.40%	December 17, 2009	7 years	Secured	AA
Summit Bank Limited	20,000	4,997	6-months KIBOR + 3.25%	October 27, 2011	7 years	Unsecured	A-
<b>Unlisted term finance certificates &amp; sukuk</b>							
Bank Al-Falah Limited (Fixed)	7,000	4,993	15.00%	December 2, 2009	8 years	Unsecured	AA-
Bank Al-Falah Limited (Floating)	14,000	4,993	6-months KIBOR + 2.50%	December 2, 2009	8 years	Unsecured	AA-
Bank Al-Habib Limited (3rd Issue)	10,000	4,983	15.50%	June 15, 2009	8 years	Unsecured	AA
Bank Al-Habib Limited (4th Issue)	15,000	4,996	15.00%	June 30, 2011	10 years	Unsecured	AA

# NIT - INCOME FUND

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

### 4.5 Certificate of Investment

Name of the investee company	Number of certificates				Balance as at September 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2013	Purchases during the year	Disposals during the year	As at September 30, 2013	Cost	Market value	Appreciation / (Diminution)		
	----- Rupees in '000 -----								
Pak Libya Holding Company (Private) Limited	50,000	-	50,000	-	-	-	-	0%	0%
Saudi Pak Industrial and agriculture company	100,000	-	100,000	-	-	-	-	0%	0%
<b>Total - September 30, 2012</b>	<b>150,000</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>

### 4.6 Letter of Placement

Name of the investee company	Number of certificates				Balance as at September 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2013	Purchases during the year	Disposals during the year	As at September 30, 2013	Cost	Market value	Appreciation / (Diminution)		
	----- Rupees in '000 -----								
Pak Libya Holding Company (Private) Limited	50,000	-	50,000	-	-	-	-	0%	0%
<b>Total - September 30, 2012</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>

Note	(Unaudited)	(Audited)
	September 30, 2013	September 30, 2012
	-----Rupees in '000-----	

### 4.7 Net unrealised appreciation on re-measurement of investments classified as 'available for sale'

Market value of investments	3,334,078	2,765,767
Less: Carrying value of investments	<u>(3,332,655)</u>	<u>(2,739,824)</u>
	1,423	25,943
Less: Net unrealised appreciation in the fair value of investments at the beginning of period	<u>16,895</u>	<u>13,410</u>
	<u>(15,472)</u>	<u>12,533</u>

### 5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2013.

### 6 ELEMENT OF INCOME / (LOSS) AND CAPITAL GAINS / (LOSSES) INCLUDED IN PRICES OF UNITS ISSUED LESS THOSE IN UNITS REDEEMED

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

During the period ended September 30, 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 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.

### 7 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.

# NIT - INCOME FUND

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

During the year ended June 30, 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 December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended June 30, 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, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the 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 the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 20.0386 million (including Rs 1.3656 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs 0.0616 per unit.

### 8 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.

### 9 EARNINGS PER UNIT

	(Unaudited) September 30 2013	(Unaudited) September 30 2012
	-----Rupees in '000-----	
Net income for the period after taxation	66,917	80,438
Weighted average number of units outstanding during the period	344,079,173	258,217,869
Earnings per unit	0.1945	0.3115

### 10 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:

	(Unaudited) September 30 2013	(Unaudited) September 30 2012
	-----Rupees in '000-----	
<b>Transactions during the period:</b>		
<b>National Investment Trust Limited - Management Company</b>		
Issue of NIL units (2012: 23,182,063 units)	-	250,000
Issue of 7,083,977 of bonus units (2012: 11,467,727 units)	72,365	117,474
Front end load on sale of units	9	2
Management fee for the period	11,170	8,432
<b>National Investment Trust Limited - Employees Provident Fund</b>		
Issue of NIL units (2012: 2,181,750 units)	-	24,000
Issue of 519,852 of bonus units (2012: 794,892 units)	5,311	8,141
Redemption of NIL units (2012: 140,735 units)	-	1,438

# NIT - INCOME FUND

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	(Unaudited) September 30 2013	(Unaudited) September 30 2012
	-----Rupees in '000-----	
<b>National Investment Trust Limited - Employees Pension Fund</b>		
Issue of NIL units (2012: 7,648,920 units)	-	84,000
Issue of 1,518,128 of bonus units (2012: 2,628,341 units)	15,509	26,933
Redemption of NIL units (2012: 4,439,630 units)	-	50,000
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	974	788
<b>Directors &amp; management personnel</b>		
Issue of Nil Units (2012: NIL units)	-	-
	-	-
	(Unaudited) September 30 2013	(Audited) June 30 2013
	-----Rupees in '000-----	

### 10.1 Amounts outstanding at the end of the period:

<b>National Investment Trust Limited - Management Company</b>		
75,417,269 units held (June 30, 2013: 68,333,291 units)	782,537	770,410
Management fee and other payables	9,771	9,407
<b>National Bank of Pakistan</b>		
29,376,653 units held (June 30, 2013: 29,376,653 units)	304,815	331,202
<b>National Investment Trust Limited - Employees Provident Fund</b>		
5,534,431 units held (June 30, 2013: 5,014,580 units)	57,426	56,536
<b>National Investment Trust Limited - Employees Pension Fund</b>		
16,162,261 units held (June 30, 2013: 14,644,133 units)	167,702	165,103
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	641	332
Security deposit	100	100
<b>Directors &amp; management personnel</b>		
Units held Nil (June 30, 2013: NIL units)	-	-

### DATE OF AUTHORISATION FOR ISSUE

These condensed financial statements were authorised for issue on **October 10, 2013** 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