

# NIT - INCOME FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

### AS AT MARCH 31, 2014

	Note	March 31, 2014 (Unaudited)	30 June 2013 (Audited)
----- Rupees in '000 -----			
<b>Assets</b>			
Bank balances	6	29,842	86,598
Investments	7	3,193,615	3,612,740
Profit receivable		27,749	12,148
Security deposit		350	100
Receivable against sale of investments		13,507	-
Preliminary expenses and floatation costs		775	1,420
<b>Total assets</b>		<u>3,265,838</u>	<u>3,713,006</u>
<b>Liabilities</b>			
Payable to National Investment Trust Limited - Management Company		9,096	9,407
Payable to Central Depository Company of Pakistan Limited - Trustee		310	332
Payable to Securities and Exchange Commission of Pakistan		1,929	2,415
Payable against redemption of units		9,750	448
Accrued expenses and other liabilities	8	27,227	19,960
<b>Total liabilities</b>		<u>48,312</u>	<u>32,562</u>
<b>Net Assets</b>		<u>3,217,526</u>	<u>3,680,444</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>3,217,526</u>	<u>3,680,444</u>
<b>Contingencies and commitments</b>	9		
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<u>298,755,271</u>	<u>326,445,948</u>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<u>10.7698</u>	<u>11.2743</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 INCOME STATEMENT (UNAUDITED)**  
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Note	Nine months ended March 31,		Quarter ended March 31,		
	2014	2013	2014	2013	
Rupees in '000					
<b>Income</b>					
Income from government securities	186,091	155,849	58,009	56,563	
Profit on bank balances	8,401	4,102	3,522	1,738	
Income from term finance certificates	37,784	58,320	9,872	18,312	
Income from certificates of investment	854	22,867	-	7,347	
Income from letters of placement	13,320	964	8,586	-	
Income from Marginal Trading System	485	-	485	-	
Amortisation of premium / (discount) on term finance certificates - net	757	101	(145)	180	
Capital gain on sale of investments - net	7,787	1,654	327	1,224	
Income from sukuks	-	6,851	-	1,490	
Income from term deposit receipts	-	1,248	-	926	
<b>Total income</b>	<b>255,479</b>	<b>251,956</b>	<b>80,656</b>	<b>87,780</b>	
<b>Expenses</b>					
Remuneration of National Investment Trust Limited - Management Company	32,152	28,470	10,305	10,662	
Sindh sales tax on remuneration of Management Company	6,012	4,556	1,897	1,707	
Federal excise duty on remuneration of Management Company	5,491	-	1,629	-	
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,825	2,574	911	934	
Annual fee - Securities and Exchange Commission of Pakistan	1,929	1,707	618	639	
Provisioning on non -performing term finance certificate	25,644	-	19,426	-	
Custodian charges - CDC	153	5	148	2	
Mts Charges	51	-	51	-	
Amortisation of preliminary expenses and floatation costs	645	647	209	211	
Settlement and bank charges	212	229	51	99	
Securities transaction costs	146	178	26	58	
Listing fee	120	60	-	-	
Auditors' remuneration	229	218	26	35	
Printing charges	75	75	25	25	
Rating fee	182	165	182	90	
<b>Total expenses</b>	<b>75,866</b>	<b>38,884</b>	<b>35,504</b>	<b>14,462</b>	
<b>Net income from operating activities</b>	<b>179,613</b>	<b>213,072</b>	<b>45,152</b>	<b>73,318</b>	
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	4	(16,281)	74,160	(9,449)	33,215
Provision for Workers' Welfare Fund	10	(3,267)	(5,763)	(714)	(2,153)
<b>Net income for the period before taxation</b>	<b>160,065</b>	<b>281,469</b>	<b>34,989</b>	<b>104,380</b>	
Taxation	11	-	-	-	-
<b>Net income for the period after taxation</b>	<b>160,065</b>	<b>281,469</b>	<b>34,989</b>	<b>104,380</b>	
<b>Earnings per unit - basic and diluted (in Rupees)</b>	<b>12</b>	<b>0.4868</b>	<b>0.9909</b>	<b>0.1116</b>	<b>0.3302</b>

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Note	Nine months ended March 31,		Quarter ended March 31,		
	2014	2013	2014	2013	
Rupees in '000					
Net income for the period after taxation	160,065	281,469	34,989	104,380	
Items to be reclassified to income statement in subsequent periods:					
<b>Other comprehensive income</b>					
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	7.8	3,674	5,873	17,858	(11,919)
<b>Total comprehensive income for the period</b>	<b>163,739</b>	<b>287,342</b>	<b>52,847</b>	<b>92,461</b>	

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Note	Nine months ended March 31,	
	2014	2013
	----- Rupees in '000 -----	
<b>Undistributed income brought forward comprising:</b>		
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	160,065	281,469
<b>Undistributed income carried forward</b>	<u>214,747</u>	<u>334,803</u>
<b>Undistributed income carried forward comprising:</b>		
Realised income	214,747	334,803
Unrealised income	-	-
	<u>214,747</u>	<u>334,803</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Note	Nine months ended March 31,	
	2014	2013
	----- Rupees in '000 -----	
<b>Net assets at beginning of the period</b>	3,680,444	2,622,174
Issue of 51,681,648 units (2013: 133,056,379 units) for the nine months period ended 31 March 2014	537,342	1,432,823
Redemption of 107,582,506 units (2013: 46,522,494 units) for the nine months period ended 31 March 2014	(1,122,749)	(499,115)
	(585,407)	933,708
Issue of 27,975,380 units (2013: 19,702,603 units) as bonus units for the nine months period ended 31 March 2014	285,777	202,742
Issue of 234,802 units (2013: 259,001 units) under Cumulative Investment Plan for the nine months period ended 31 March 2014	2,399	2,665
	<u>3,383,213</u>	<u>3,761,289</u>
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net		
- transferred to condensed interim income statement	16,281	(74,160)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	7.8	3,674
Capital gain on sale of investments - net	7,787	1,654
Other net income for the period	152,278	279,815
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>(185,642)</u>	<u>26,881</u>
<b>Net assets at end of the period</b>	<u>3,217,526</u>	<u>3,719,883</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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Note	Nine months ended March 31,	
	2014	2013
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	160,065	281,469
<b>Adjustments:</b>		
Amortisation of preliminary expenses and floatation costs	645	647
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	16,281	(74,160)
Amortisation of premium / (discount) on term finance certificates - net	(757)	(101)
Capital gain on sale of investments - net	(7,787)	(1,654)
Provisioning on non -performing term finance certificate	25,644	-
Profit on bank balances	(8,401)	(4,102)
	185,690	202,099
<b>(Increase) / decrease in assets</b>		
Investments	405,015	(1,146,975)
Profit receivable	(15,621)	(5,433)
Security Deposit	(250)	-
Receivable against sale of units	(13,507)	-
	375,637	(1,152,408)
<b>Increase / (decrease) in liabilities</b>		
Payable against redemption of units	9,302	1,438
Payable to National Investment Trust Limited - Management Company	373	1,558
Payable to Central Depository Company of Pakistan Limited - Trustee	(22)	90
Payable to Securities and Exchange Commission of Pakistan	(486)	100
Accrued expenses and other liabilities	7,267	3,001
	16,434	6,187
Profit received on bank balances	8,421	3,759
<b>Net cash generated from / (used in) operating activities</b>	586,182	(940,363)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	537,342	1,432,823
Distribution paid	(57,531)	(49,181)
Payments on redemption of units	(1,122,749)	(499,115)
<b>Net cash (used in) / generated from financing activities</b>	(642,938)	884,527
<b>Net (decrease) in cash and cash equivalents during the period</b>	(56,756)	(55,836)
Cash and cash equivalents at beginning of the period	86,598	91,737
<b>Cash and cash equivalents at end of the period</b>	6 29,842	35,901

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

**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 nine months period ended 31 March 2014 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 June 30, 2013, except for the change in accounting estimate (refer note 4).

# NIT - INCOME FUND

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

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

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.

### 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 March 2014, 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 policy the income for the period would have decreased by Rs. 3.962 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

In current accounts  
In savings accounts

Note	March 31, 2014 Unaudited	June 30, 2013 Audited
	----- Rupees in '000 -----	
	191	34
6.1	29,651	86,564
	<u>29,842</u>	<u>86,598</u>

6.1 These accounts carry profit at rates ranging from 6% to 9.6% per annum (30 June 2013: 6% to 12% per annum).

### 7 INVESTMENTS

#### Available for sale

Government securities  
Term finance certificates - listed  
Term finance certificates - unlisted  
Certificates of Investment  
Letter of Placements  
Marginal Trading System

Note	March 31, 2014 Unaudited	June 30, 2013 Audited
	----- Rupees in '000 -----	
7.1	2,665,409	2,844,339
7.2 & 7.4	290,422	290,895
7.3 & 7.4	156,937	277,506
7.5	-	150,000
7.6	-	50,000
7.7	80,847	-
	<u>3,193,615</u>	<u>3,612,740</u>

# NIT - INCOME FUND

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

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

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

Issue date	Tenor	Face value			Balance as at 31 March 2014			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 March 2014	Carrying value	Market value		
----- (Rupees in '000) -----									
<b>Market Treasury Bills</b>									
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	147,964	147,581	(383)	4.59
13 June 2013	6 Months	200,000	-	200,000	-	-	-	-	-
13 June 2013	12 Months	250,000	-	-	250,000	245,841	245,054	(787)	7.62
12 July 2013	3 Months	-	290,000	290,000	-	-	-	-	-
12 July 2013	6 Months	-	296,600	296,600	-	-	-	-	-
12 July 2013	12 Months	-	150,000	-	150,000	146,620	145,952	(668)	4.54
25 July 2013	6 Months	-	500,000	500,000	-	-	-	-	-
07 August 2013	3 Months	-	45,000	45,000	-	-	-	-	-
19 September 2013	3 Months	-	515,000	515,000	-	-	-	-	-
28 November 2013	3 Months	-	905,000	905,000	-	-	-	-	-
12 December 2013	3 Months	-	1,155,000	1,155,000	-	-	-	-	-
December 26, 2013	3 Months	-	250,000	250,000	-	-	-	-	-
January 23, 2014	3 Months	-	515,000	190,000	325,000	323,615	323,466	(149)	10.05
February 20, 2014	3 Months	-	500,000	-	500,000	494,133	493,815	(318)	15.35
February 28, 2014	2 Months	-	300,000	80,000	220,000	217,990	217,875	(115)	6.77
March 6, 2014	3 Months	-	450,000	-	450,000	443,040	442,742	(298)	13.76
		<b>2,890,000</b>	<b>6,791,600</b>	<b>7,636,600</b>	<b>2,045,000</b>	<b>2,019,203</b>	<b>2,016,485</b>	<b>(2,718)</b>	<b>62.67</b>
									<b>63.14</b>
<b>Pakistan Investment Bond</b>									
19 July 2012	3 years	25,000	-	25,000	-	-	-	-	-
19 July 2012	10 years	-	50,000	-	50,000	47,781	48,079	298	1.49
18 July 2013	05 years	-	125,000	-	125,000	121,005	123,516	2,511	3.84
18 July 2013	03 years	-	525,000	50,000	475,000	467,808	477,329	9,521	14.84
		<b>25,000</b>	<b>700,000</b>	<b>75,000</b>	<b>650,000</b>	<b>636,594</b>	<b>648,924</b>	<b>12,330</b>	<b>20.17</b>
		<b>2,915,000</b>	<b>7,491,600</b>	<b>7,711,600</b>	<b>2,695,000</b>	<b>2,655,797</b>	<b>2,665,409</b>	<b>9,612</b>	<b>20.32</b>

# NIT - INCOME FUND

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

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

### 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 March 2014			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 March 2014	Carrying value *	Market value			Appreciation / (Diminution)
----- Rupees in '000 -----									
----- (%) -----									
<b>Commercial banks</b>									
Askari Bank Limited	16,000	-	-	16,000	80,482	80,791	309	2.51	2.53
NIB Bank Limited	5,000	-	5,000	-	-	-	-	-	-
United Bank Limited	7,000	-	7,000	-	-	-	-	-	-
Summit Bank Limited	20,000	-	-	20,000	74,265	74,265	-	2.31	2.33
	<b>48,000</b>	<b>-</b>	<b>12,000</b>	<b>36,000</b>	<b>154,747</b>	<b>155,056</b>	<b>309</b>	<b>4.82</b>	<b>4.86</b>
<b>Fertilizer</b>									
Engro Fertilizer Limited	13,000	-	5,000	8,000	33,783	35,366	1,583	1.10	1.11
<b>Electricity</b>									
K-Electric Limited AZM Sukuk 1	-	15,000	-	15,000	75,000	75,000	-	2.33	2.35
K-Electric Limited AZM Sukuk 2	-	5,000	-	5,000	25,000	25,000	-	0.78	0.78
	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>3.11</b>	<b>3.13</b>
	<b>61,000</b>	<b>20,000</b>	<b>17,000</b>	<b>64,000</b>	<b>288,530</b>	<b>290,422</b>	<b>1,892</b>		

\* 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. 25.644 million in compliance with the requirements of circular 33 of 2012 dated 24 October 2012.

### 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 March 2014			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 March 2014	Carrying value	Market value			Appreciation / (Diminution)
----- Rupees in '000 -----									
----- (%) -----									
<b>Commercial banks</b>									
Bank Al-Falah Limited (Fixed)	7,000	-	-	7,000	35,112	37,544	2,432	1.17	1.18
Bank Al-Falah Limited (Floating)	14,000	-	8,750	5,250	26,390	28,153	1,763	0.87	0.88
Bank Al-Habib Limited (June 2009)	10,000	-	-	10,000	51,404	52,338	934	1.63	1.64
Bank Al-Habib Limited (June 2011)	20,000	-	13,000	7,000	34,965	38,902	3,937	1.21	1.22
	<b>51,000</b>	<b>-</b>	<b>21,750</b>	<b>29,250</b>	<b>147,871</b>	<b>156,937</b>	<b>9,066</b>		

### 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
<b>Listed term finance certificates / Sukuks</b>							
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
K-Electric Limited AZM Sukuk 1	15,000	5,000	1-months KIBOR + 1%	19 March 2014	1 years	Secured	-
K-Electric Limited AZM Sukuk 2	5,000	5,000	3-months KIBOR + 2.25%	19 March 2014	3 years	Secured	-

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Name of security	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / unsecured	Rating
<b>Unlisted term finance certificates</b>							
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	4,981	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 March 2014			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 March 2014	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	-	-	-	-	-
		<b>150,000</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 7.6 Letter of Placement

Name of the investee company	Number of certificates			Balance as at 31 March 2014			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 March 2014	Carrying value	Market value			Appreciation / (Diminution)
----- Rupees in '000 -----									
----- (%) -----									
Pak Libya Holding Company (Private) Limited		50,000	605,000	655,000	-	-	-	-	-
Pak Brunei Investment Company		-	300,000	300,000	-	-	-	-	-
Habib Bank Limited		-	730,000	730,000	-	-	-	-	-
		<b>50,000</b>	<b>1,635,000</b>	<b>1,685,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

7.6.1 These carried profit at rates ranging from 9.98% to 10.25% (30 June 2013: 9.70% to 10.25%) per annum.

### 7.7 Marginal Trading System

SECURITY	Volume			Balance as at 31 March 2014			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 March 2014	Carrying value	Market value			Appreciation / (Diminution)
----- Rupees in '000 -----									
----- (%) -----									
Arif Habib Corporation	-	15,000	15,000	-	-	-	-	-	
Bank Alfalah Limited	-	149,000	34,000	115,000	2,499	2,499	-	0.08	0.08
Bank Of Punjab Limited.	-	469,000	218,500	250,500	2,221	2,221	-	0.07	0.07
Dawood Hercules Corporation Ltd	-	30,300	19,000	11,300	761	761	-	0.02	0.02
D. G. Khan Cement Co. Limited	-	393,500	222,500	171,000	13,304	13,304	-	0.41	0.42
Engro Foods	-	285,100	264,000	21,100	2,033	2,033	-	0.06	0.06
Engro Corporation Ltd.	-	137,300	127,400	9,900	1,552	1,552	-	0.05	0.05
Faysal Bank Limited	-	1,459,000	1,097,000	362,000	4,195	4,195	-	0.13	0.13
Fatima Fertilizer Company	-	597,000	388,500	208,500	5,432	5,432	-	0.17	0.17
Fauji Cement Company Ltd.	-	673,500	213,000	460,500	6,663	6,663	-	0.21	0.21
Fauji Fertilizer Bin Qasim Ltd.	-	64,500	27,500	37,000	1,289	1,289	-	0.04	0.04
Hub Power Company Limited	-	309,000	73,500	235,500	10,445	10,445	-	0.32	0.33
Lucky Cement Limited	-	12,100	9,000	3,100	819	819	-	0.03	0.03
Maple Leaf Cement Factory Limited	-	1,025,500	518,000	507,500	12,611	12,611	-	0.39	0.39
Oil & Gas Development Co.	-	30,500	22,600	7,900	1,661	1,661	-	0.05	0.05
Pioneer Cement Limited	-	181,500	38,000	143,500	5,156	5,156	-	0.16	0.16

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

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SECURITY	Volumn			Balance as at 31 March 2014				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 March 2014	Carrying value	Market value	Appreciation / (Diminution)		
Pakgen Power	-	52,500	12,500	40,000	652	652	-	0.02	0.02
Pakistan Petroleum Ltd.	-	112,400	76,100	36,300	6,828	6,828	-	0.21	0.21
Pakistan Telecommunication Company	-	292,500	186,000	106,500	2,726	2,726	-	0.08	0.09
	-	<u>6,289,200</u>	<u>3,562,100</u>	<u>2,727,100</u>	<u>80,847</u>	<u>80,847</u>	-		

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

	March 31, 2014	June 30, 2013
	Unaudited	Audited
	--- Rupees in '000 ---	
Market value of investments	3,193,615	3,612,740
Less: Carrying value of investments	(3,173,046)	(3,595,845)
	<u>20,569</u>	<u>16,895</u>
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	<u>3,674</u>	<u>3,485</u>

March 31, 2014  
Unaudited  
--- Rupees in '000 ---

### 8 ACCRUED EXPENSES AND OTHER LIABILITIES

	March 31, 2014	June 30, 2013
	Unaudited	Audited
	--- Rupees in '000 ---	
Auditors' remuneration payable	-	368
Provision for Worker's Welfare Fund	21,940	18,673
Federal excise duty payable on remuneration to Management Company	3,911	-
Dividend payable	183	29
Zakat payable	781	445
Capital gains tax payable	266	315
Printing charges payable	50	25
Withholding tax payable	4	5
Legal and professional charges payable	25	100
Nccpl Fee Payable	15	-
MTS charges payable	52	-
	<u>27,227</u>	<u>19,960</u>

### 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2014.

### 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.

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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 nine months period ended 31 March 2014. As at 31 March 2014 the management has maintained provision against Workers' Welfare Funds' amounting to Rs. 21.940 million, if the same were not made the net assets value per unit of the Fund would have been higher by Rs. 0.0734.

### 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

	Nine month ended		Quarter ended	
	March 31, 2014	2013	March 31, 2014	2013
	-----Unaudited-----			
	-----Rupees in '000-----			
Net income for the period after taxation	<u>160,065</u>	<u>281,469</u>	<u>34,989</u>	<u>104,380</u>
	----- (Number of units) -----			
Weighted average number of units outstanding	<u>328,831,270</u>	<u>284,060,756</u>	<u>313,567,918</u>	<u>316,082,280</u>
	----- (Rupees) -----			
Earnings per unit - basic and diluted	<u>0.4868</u>	<u>0.9909</u>	<u>0.1116</u>	<u>0.3302</u>

### 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.

**NIT - INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
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FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

**13.5 Details of transactions with connected persons during the period are as follows:**

	Nine months ended March 31,		Three months period ended March 31,	
	2014	2013	2014	2013
	-----Unaudited----- ----- Rupees in '000 -----			
<b>National Investment Trust Limited - Management Company</b>				
Issue of 7,083,978 bonus units (2013: 4,383,749 bonus units)	72,365	45,109	-	-
Issue of Nil units (2013: 23,182,063 units)	-	250,000	-	-
Front end load on sale of units	31	55	17	24
Remuneration of the Management Company	32,152	28,470	10,305	10,662
Sindh Sales Tax on remuneration to Management Company	6,012	4,556	1,897	1,707
Federal excise duty on remuneration of Management Company	5,491	-	1,629	-
<b>National Investment Trust Limited - Employees Provident Fund</b>				
Issue of 519,852 bonus units (2013: 275,040 units)	5,313	2,830	-	-
Issue of Nil units (2013: 1,731,072 units)	-	19,000	-	19,000
<b>National Investment Trust Limited - Employees Pension Fund</b>				
Issue of 1,518,128 bonus units (2013: 1,110,213 units)	15,509	11,424	-	-
Issue of Nil units (2013: 7,648,920 units)	-	84,000	-	84,000
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee for the period	2,825	2,574	911	934

**13.6 Amounts outstanding as at period / year end:**

	March 30, 2014 Unaudited	June 30, 2013 Audited
	----- Rupees in '000 -----	
<b>National Investment Trust Limited - Management Company</b>		
75,417,269 units held ( 30 June 2013: 68,333,291 units)	812,229	770,410
Management fee payable	3,488	4,463
Sindh Sales Tax payable on remuneration to Management Company	633	-
Formation cost and other initial charges payable	4,484	4,484
Sales load payable	491	460
Federal excise duty payable on remuneration to Management Company	3,911	-
<b>National Bank of Pakistan</b>		
29,376,653 units held (30 June 2013: 29,376,653 units)	316,381	331,202
<b>National Investment Trust Limited - Employees Provident Fund</b>		
5,534,432 units held (30 June 2013: 5,014,580 units)	59,605	56,536
<b>National Investment Trust Limited - Employees Pension Fund</b>		
16,162,261 units held (30 June 2013: 14,644,133 units)	174,064	165,103

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**13.6 Amounts outstanding as at period / year end:**

	March 30, 2014 Unaudited	June 30, 2013 Audited
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	310	332
Security Deposit	350	100

**14 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 25, 2014 by the Board of Directors of the Management Company.

<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
<b>Managing Director</b>	<b>Director</b>	<b>Director</b>

**For National Investment Trust Limited  
(Management Company)**