

Operating as an Open-end Equity Fund Since 1962, NI(U)T is the flagship carrier of a diversified portfolio of Collective Investment Schemes managed by NITL with net assets of over PKR 59.90 billion and 50,632 unit holders.



NATIONAL INVESTMENT (UNIT) TRUST

FUND MANAGER REPORT

2013-2014

CORPORATE INFORMATION

FUND NAME

National Investment (Unit) Trust

NAME OF AUDITORS

Anjum Asim Shahid Rahman

LIST OF BANKERS

Allied Bank Limited
 Askari Bank
 Bank Al Falah Limited
 Bank Al Habib Limited
 Faysal Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 NIB Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 Soneri Bank Limited
 Summit Bank Limited (Formerly Arif Habib Bank Limited)
 United Bank Limited

NI(U)T Objective

The core objective of NI(U)T is to maximize return for Unit holders, provide a regular stream of current income through dividends, while long term growth is achieved by the management of diversified portfolio and investments into growth and high yielding equity securities.

Profile of Investment Manager

National Investment Trust Ltd. (NITL) is the first and the largest Asset Management Company of Pakistan, formed in 1962 with approximately Rs. 82 billion assets under management, as on June 30 2014. The family of Funds of NIT comprises of five funds including 3 equity Funds and 2 fixed income nature Funds. NIT's tally of nationwide branches is 23. No other Mutual Fund in Pakistan has such a vast network of nationwide branches. Further, to cater to the matters relating to investments in NIT and day to day inquiries/issues of its unit holders, a state of the art Investors' Facilitation Centre is also in place. The Board of Directors of NITL consists of representatives of leading financial institutions, prominent industrialists and nominee of Govt. of Pakistan. The Company has been assigned an Asset Manager rating of "AM2-" by PACRA, which reflects the company's very strong capacity to manage the risks inherent in the asset management business and the asset manager meets very high investment management industry standards and benchmarks. All Investment decisions are taken by the Investment Committee of NITL.

Fund Information - NI(U)T

| | | | |
|---------------------------------|----------------------|---------------------------------|---|
| • Launch date | 12th November 1962 | • Minimum Investment: | Rs. 5,000 |
| • Type | Open End Equity Fund | • Management Fee: | 1.00% |
| • Fund Manager | Manzoor Ahmed | • Front End Load: | 3.00% |
| • Fund Size as on June 30, 2014 | Rs. 59.902 billion | • Back End Load: | 0.00% |
| • Par Value | Rs. 10 | • Auditors: | Anjum Asim Shahid Rahman |
| • NAV/unit (Ex-Div) | Rs. 56.59 | • Trustee: | Central Depository Company of Pakistan Ltd. |
| • Pricing Mechanism | Forward Pricing | • Risk Profile | Moderate / High |
| • Benchmark | KSE 100 Index | • Fund Rating assigned by PACRA | 4-Star Ranking (rating based on the performance during the twelve months ended June 30, 2013) 3-star long term rating (based on the performance during the thirty six months ended June 30, 2013.) |

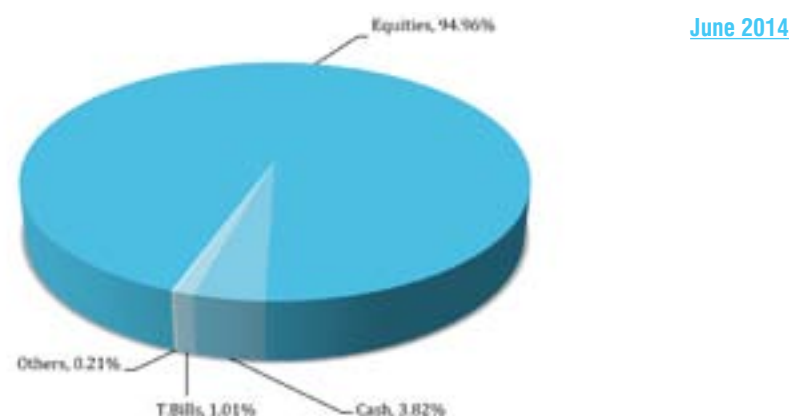
Fund Performance Analysis:

| | 2013-14 | 2012-13 |
|---|---------|---------|
| Opening Net Assets (Rs. in billion) | 47.297 | 41.487 |
| Opening NAV /unit (Rs.) (Ex Div) | 38.66 | 26.77 |
| Ending Net Assets (Rs. in billion) | 59.902 | 47.297 |
| Ending NAV/unit (Rs.) | 56.59 | 42.41 |
| Cash Distribution / unit (Rs.) | 4.10 | 3.75 |
| Dividend Yield (%) | 10.61% | 14.01% |
| Capital Growth (%) | 46.37% | 44.41% |
| Total Return (%) | 56.98% | 58.42% |
| Maximum Funds under management during the year (Rs. in billion) | 67.032 | 48.03 |

NATIONAL INVESTMENT (UNIT) TRUST FUND MANAGER REPORT 2013-2014

Asset Allocation

Keeping in view the market conditions, the Fund has been changing its asset allocation during the year. As on 30th June 2014, the Fund was invested to the extent of 94.96% in Equities whereas the remaining exposure was in Treasury Bills and cash. The asset allocation position of the Fund as on 30-06-2014 is depicted in the chart below:



Sector Wise Breakdown of Equity Portfolio

Sector-wise breakdown of Fund's Equity portfolio as % of total assets as on 30-06-2014 is given below:



The KSE-100 index extended its bull-run for yet another year; posting a return of 41% in FY13-14. Amid rising trend of KSE-100, many of NI(U)T investors opted for redemptions to book capital gains. Your Fund received gross redemptions to the tune of Rs. 11.1 billion during the year. However, all redemptions were met in a timely manner to the utmost satisfaction of investors. Due to such a hefty amount of redemptions and with the market at its historically high levels, your fund generally remained on the selling side across all the sectors at opportune times.

Oil & Gas remained the top sector of the Fund with 20% asset allocation as compared to 21% last year. The sector was relatively a laggard to the market with a 20% rise against the KSE-100 growth of 41% largely due to expected Secondary Offering overhang of OGDC & PPL. The Fund reduced its portfolio from the sector at opportune moments.

The Banking sector largely outperformed the index with a 58% rise, due to 100bps increase in policy rate, significant increase in exposure to high yielding PIBs by the banks and some revival in private sector credit. In spite of Fund's selling in the banking sector, the exposure increased to 14% from 12% last year.

Exposure in the Chemical sector also declined to 8% as compared to 11% last year. The sector has underperformed the broader market due to

NATIONAL INVESTMENT (UNIT) TRUST FUND MANAGER REPORT 2013-2014

increase in gas prices mainly through increase in Cess (GIDC), which kept the Fertilizer sub-sector largely out of favor during the year FY13-14.

During the year, strategic investments of NI(U)T Fund in Personal Goods, Pharmaceutical, General Industrials and Tobacco sectors also provided a boost to the overall impressive performance of the Fund.

Top Ten Holdings

Top ten holdings of the Fund's portfolio as % of total assets as on June 30th 2014 are as follows:

| | |
|--------------------------|----------------------------|
| Pakistan State Oil | Packages Ltd. |
| Bank Al-Habib Ltd. | Habib Metropolitan Bank |
| Bata Pakistan Ltd. | GlaxoSmithKline (Pak) Ltd. |
| Fauji Fertilizer Company | Soneri Bank Ltd. |
| Pakistan Tobacco Company | Abbott Paksitan |

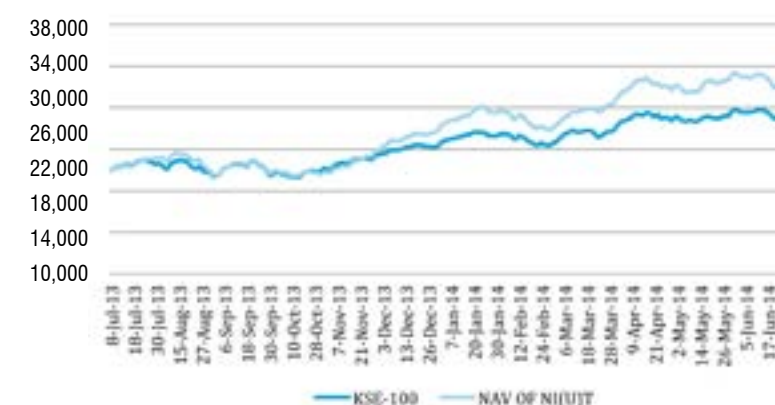
Categorization of Unit Holders By Size - (JUNE 2014)

| Category | NI(U)T Unit Holders | % of Holding |
|-------------------------|---------------------|--------------|
| Institutional Investors | 965 | 64% |
| Individual | 49,667 | 36% |
| TOTAL | 50,632 | 100% |

Stock Market & Fund Performance Review

The Pakistan's equity market continued its dream run in FY14 where the benchmark KSE-100 index notched up a stellar 41.2 % return for the year 2013-14. Overall, average daily volumes improved to 215mn shares during FY13-14 as compared to 200mn in FY12-13. FY14 has been an eventful year for the Karachi Stock Exchange as it reached record high levels on the back of significant political and economic events. The resolution of the circular debt at the start of the year provided an early impetus which was quickly followed by Pakistan's successful entrance into new IMF Program. Pakistan was also able to obtain the GSP+ status from the European Union which bodes positively for the country's exports. Additionally, Pakistan also successfully floated Eurobonds and initiated a much awaited privatization drive with secondary public offerings of UBL and PPL. The auction of 3G and 4G licenses was also well received by the market. Finally, the annual re-composition of MSCI frontier index saw Pakistan's weight in the index being increased from 4.3% to 6.8%. All of the aforementioned factors helped propel the market to new highs where by it closed at 29,653 points as on June 30, 2014.

Relative Performance of NAV vs. KSE 100



NATIONAL INVESTMENT (UNIT) TRUST FUND MANAGER REPORT 2013-2014

During the period under review, the KSE-100 index increased by 41.16% whereas the NAV of your Fund increased by 56.98%, resulting into an impressive out performance of 15.82%.

10 Year Performance of Fund

| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | 10yr. Annualized Return |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------------|
| NI(U)T (%) | 35.70% | 28.20% | 44.80% | -5.76% | -41.48% | 17.92% | 24.00% | 7.57% | 58.42% | 56.98% | 18.43% |
| KSE 100 (%) | 41.08% | 34.10% | 37.90% | -10.80% | -41.72% | 35.74% | 28.54% | 10.45% | 52.20% | 41.16% | 18.83% |
| Dividend Per Unit (Rs.) | 3.3 | 5.80 | 6.20 | 6.50 | 3.25 | 2.25 | 4.00 | 3.50 | 3.75 | 4.10 | |

*Up till FY 07, returns are based on consolidated information of NI(U)T & LOC Funds.

Dividend declaration for the FY13-14:

During FY14, the NI(U)T Fund earned a Net income of Rs. 5,431 million (EPU of Rs. 5.13) against an income of Rs. 1,365 million (EPU of Rs. 1.22) during FY13, a phenomenal increase of 298% YoY. During the year, NI(U)T Fund realized capital gains of Rs. 3,504 million depicting a growth of 17.66% from previous year's capital gains of Rs. 2,978 million (excluding the one off capitals gains from Unilever buyback). During the period under review, the dividend income earned by the Fund stood at Rs. 2,329 million as compared to Rs. 2,822 million in FY13. The net assets of the Fund have increased from Rs. 47,297 million as on 30 June 2013 to Rs. 64,241 million (Cum Dividend) as on 30th June 2014, showing a remarkable growth of 36% YoY. NI(U)T in line with its remarkable history of regularly paying cash dividends over the entire 52 years life of the Trust, declared a cash dividend of Rs. 4.10 per unit for the year ended June 30, 2013. The payment of dividend @ Rs. 4.10 per unit involved a total payout of Rs. 4,340 million among its unit holders.

WWF Disclosure:

As of 30th June 2014, the Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 380 million, If the same were not made, the NAV per unit/ year to date return of the Scheme would be higher by Rs. 0.36 / 0.94%. For details, investors are advised to read the latest Financial Statement of the Scheme.

Economic Review:

In the outgoing fiscal year 2013-14, the Pakistan's economy indicated signs of recovery compared to a lackluster performance in the past few years. Early positive results, particularly stabilizing foreign exchange reserves, appreciation of exchange rate, remarkable industrial growth on account of improved energy supply, exceptional increases in remittances, historical levels of Karachi Stock Exchange, shift in market based (T-Bills and PIB) public debt toward medium to long term, successful launching of Euro Bond and auction of 3G/4G licenses were the major components of the comprehensive agenda of reforms which were highly focused on inclusive growth and to reinvigorate the economy.

The GDP growth accelerated to 4.14% in 2013-14 against a growth of 3.70% recorded in the same period last year. The growth momentum is broad based, as all major sectors like agriculture, industry and services have supported economic growth..

The agriculture sector which accounts for 21.0 % of GDP and absorb 43.7 % of the labor force of the country, recorded a growth of 2.1% against a growth of 2.9% last year. Important crops such as wheat, rice and sugar posted a remarkable growth of 3.74 % as compared to 1.19 % last year which compensated for the subdued growth in other crops.

The industrial sector contributes 20.8% in GDP; As a result of comprehensive policy measures, the industrial sector started reviving and recorded a remarkable growth at 5.8% as compared to 1.4% last year.

NATIONAL INVESTMENT (UNIT) TRUST FUND MANAGER REPORT 2013-2014

Growth of Manufacturing sector registered at 5.55% compared to a growth of 4.53% last year. Large Scale Manufacturing (LSM) registered an improved growth of 5.31% as compared to a growth of 4.08% last year whereas Small scale manufacturing witnessed growth of 8.35% against a growth of 8.28% last year.

Services sector has emerged as the most significant driver of economic growth and is contributing a lead role in augmenting and sustaining economic growth in Pakistan. The share of the services sector has increased to 58.1% in 2013-14 and has witnessed a growth of 4.3% as compared to 4.9% last year. The moderate growth performance in services sector is broad based, all components contributed in positive growth.

Foreign Private Investment touched to \$2,262 million during FY 2013-14 as compared to \$1,576 million showing a 43.5% growth higher as compared to last year. Foreign Direct Investment (FDI) has touched to \$1,631 million as against \$1,456 million last year showing a growth of 12% According to SBP figures, net portfolio Investment of \$631 million was also recorded this year.

Workers Remittances remained a key source of external resource flows for our economy. After India, Pakistan is the second largest recipient of remittances in the South Asian region. The available data suggest inflow of Remittances for FY 2013-14 stood at \$ 1,499 million as compared to \$1,166 million during the corresponding period last year, which is 28.6% higher over the previous period.

The inflation rate measured by the changes in CPI averaged at 8.6% during FY 2013-14 as against 7.4% in the comparable period last year. The increase in food inflation during the current year was the major driver for the overall rise in inflation.

Pakistan's balance of payments showed an increase in capital flows that has substantially offset a gradual widening of the current account deficit during the current financial year. During FY 2013-14, overall exports in absolute terms have increased from \$ 24,802 million to \$ 25,162 million. Whereas, Pakistan's imports were up only by 3.82% in the current fiscal year, rising from \$ 40,157 million during FY 13 to \$ 41,689 million during the current financial year.

While managing expectations in the external sector will remain a pressing challenge for policy makers, the government must push ahead with fiscal reforms. More specifically, a concerted effort must be made to increase revenue collection in a more equitable manner, to contain untargeted subsidies; to tackle theft and leakages in the energy sector, to revitalize the private sector and to increase documentation. At the same time, challenges prevail in managing public sector enterprises and to restructure loss-making PSEs to reduce the subsidy burden on the federal government. Only then will domestic investors secure a sounder footing to put the country on a much needed growth trajectory.

(Economic data source: Economic Survey of Pakistan, FBS & SBP Website)

Other Disclosures under NBFC Regulations 2008:

The Fund Manager hereby makes the following disclosures as required under the NBFC Regulations 2008;

- The Management Company or any of its delegates did not receive any soft commission (goods & services) from any of its brokers / dealers by virtue of transactions conducted by the Fund.
- There was no unit split undertaken during the year.

TRUSTEE REPORT

National Investment Trust Limited (NITL), the Management Company of National Investment (Unit) Trust, has in material respects managed NI(U)T during the period July 01, 2013 to May 15, 2014 in accordance with the provisions of the Trust Deed dated November 12, 1962 amended by the Supplemental Trust Deeds dated June 26, 1968, June 07, 1981, November 27, 1998, November 12, 2002, December 31, 2003 and January 18, 2007, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Sd/-

Faisal Jan Sarhindi
SVP / Wing Head

Sd/-

Aamir Sattar
EVP / Divisional Head

For National Bank of Pakistan
Dated September 12, 2014

TRUSTEE REPORT

TRUSTEE REPORT TO THE UNIT HOLDERS

National Investment (Unit) Trust (the Fund), was established under a trust deed executed between National Investment Trust Limited, as the Management Company and National Bank of Pakistan as the Trustee on November 12, 1962.

On November 25, 2013, Central Depository Company of Pakistan Limited has been appointed as the new Trustee of the Fund with the approval of Securities & Exchange Commission of Pakistan. However from May 15, 2014, assets have been acquired gradually from outgoing Trustee National Bank of Pakistan. Till that time National Bank of Pakistan was acting as the Trustee of the Fund.

We, being the Trustee of the Fund are of the opinion that the Management Company has in all material respects managed the Fund with respect to the assets under custody of the Central Depository Company of Pakistan Limited resulting to the gradual acquisition during the period from May 16, 2014 to June 30, 2014 in accordance with the provisions of the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Sd/-

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

Karachi, October 03, 2014

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **National Investment (Unit) Trust** (here in after referred to as "The Fund"), which comprise the statement of assets and liabilities as at June 30, 2014, the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standard on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2014, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

OTHER MATTER

The financial statements of National Investment (Unit) Trust for the year ended June 30, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on August 06, 2013.

Sd/-

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Dated: September 04, 2014
Karachi

NATIONAL INVESTMENT (UNIT) TRUST STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2014

| Note | 2014 | 2013 |
|---|--|-------------------|
| Rupees in '000 | | |
| ASSETS | | |
| 6 | 2,541,871 | 3,643,410 |
| 7 | 63,781,814 | 47,406,331 |
| 8 | - | - |
| | 14,726 | 30,101 |
| 9 | 118,648 | 44,783 |
| 10 | 2,600 | 2,500 |
| | 66,459,659 | 51,127,125 |
| LIABILITIES | | |
| 11 | 1,000,000 | 2,752,000 |
| 12 | 232,700 | 320,944 |
| 13 | 2,252 | - |
| 14 | 51,882 | 39,261 |
| 15 | 516,963 | 335,162 |
| 16 | 4,753,689 | 382,299 |
| | 6,557,486 | 3,829,666 |
| | 59,902,173 | 47,297,459 |
| NET ASSETS | | |
| | 59,902,173 | 47,297,459 |
| UNIT HOLDERS' FUND (as per statement attached) | | |
| | 59,902,173 | 47,297,459 |
| Contingencies and commitments | | |
| 17 | | |
| | ---(Number of units in '000)--- | |
| | 1,058,469 | 1,115,274 |
| Number of units in issue | | |
| 18 | 1,058,469 | 1,115,274 |
| Net asset value per unit | | |
| | 56.59 | 42.41 |

The annexed notes from 1 to 32 and annexures 1 to 4 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
INCOME STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 | 2013 |
|---|------|------------------|------------------|
| | | Rupees in '000 | |
| INCOME | | | |
| Dividend income | | 2,329,259 | 2,822,451 |
| Capital gains | | 3,504,251 | 4,447,764 |
| Income from government securities | | 11,493 | 55,368 |
| Profit on bank deposits | | 77,668 | 85,768 |
| Income on issue of units | | 35,425 | 36,946 |
| Others | | 4,554 | - |
| | | <u>5,962,650</u> | <u>7,448,297</u> |
| Unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net | 7.5 | <u>747,282</u> | <u>519,466</u> |
| | | <u>6,709,932</u> | <u>7,967,763</u> |
| EXPENSES | | | |
| Impairment loss on investments classified as 'available for sale' | 7.8 | 42,914 | 193,641 |
| Remuneration of National Investment Trust Limited - Management Company | | 546,626 | 411,557 |
| Sindh sales tax on remuneration of the Management Company | | 102,115 | 65,849 |
| Federal Excise Duty on remuneration of the Management Company | | 91,592 | - |
| Annual fee of the Securities and Exchange Commission of Pakistan | 14 | 51,882 | 39,261 |
| Trustee fee of the Central Depository Company of Pakistan Limited | | 3,456 | - |
| Custodian charges of the Central Depository Company of Pakistan Limited | | 8,164 | 4,215 |
| Auditors' remuneration | 15.2 | 565 | - |
| Settlement and bank charges | | 608 | 1,155 |
| Financial charges | | 68,185 | 120,434 |
| Legal and professional charges | | - | 158 |
| Printing and related costs | | 1,500 | 1,901 |
| Others | | 1,190 | 546 |
| | | <u>918,797</u> | <u>838,717</u> |
| Net income from operating activities | | <u>5,791,135</u> | <u>7,129,046</u> |
| Element of income / (loss) and capital gains / (losses) included in price of units issued less those in units redeemed - net | | (248,922) | (5,736,155) |
| Provision for Workers' Welfare Fund | 15.1 | (110,844) | (27,858) |
| Net income for the year before taxation | | <u>5,431,369</u> | <u>1,365,033</u> |
| Taxation | 20 | - | - |
| Net income for the year after taxation | | <u>5,431,369</u> | <u>1,365,033</u> |
| | | -----Rupees----- | |
| Earnings per unit - basic and diluted | 21.1 | <u>5.13</u> | <u>1.22</u> |

The annexed notes from 1 to 32 and annexures 1 to 4 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 | 2013 |
|--|------|-------------------|-------------------|
| | | Rupees in '000 | |
| Net income for the year after taxation | | <u>5,431,369</u> | <u>1,365,033</u> |
| Other comprehensive income | | | |
| Items that will be reclassified to profit or loss account in future | | | |
| Unrealised appreciation on remeasurement of investments classified as 'available for sale' - net | 7.6 | <u>18,433,501</u> | <u>11,797,674</u> |
| Total comprehensive income for the year | | <u>23,864,870</u> | <u>13,162,707</u> |

The annexed notes from 1 to 32 and annexures 1 to 4 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
DISTRIBUTION STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 | 2013 |
|---|------|-------------------------|------------------|
| | | Rupees in '000 | |
| Undistributed income brought forward | 32.2 | 6,804,108 | 10,236,793 |
| Final distribution for the year ended June 30, 2013: Rs 3.75 per unit (2012: Rs. 3.50 per unit) | | (4,182,277) | (4,797,718) |
| Interim distribution for the year ended June 30, 2014: Rs 4.10 per unit (2013: Nil) | | (4,339,724) | - |
| Element of income / (loss) and capital gains / (losses) included in price of units issued less those in units redeemed - transferred directly to unit holders' fund - net | | (544,538) | - |
| Net income for the year after taxation | | 5,431,369 | 1,365,033 |
| Undistributed income carried forward | 32.2 | <u>3,168,938</u> | <u>6,804,108</u> |

The annexed notes from 1 to 32 and annexures 1 to 4 form an integral part of these financial statements.

For National Investment Trust Limited
 (Management Company)

Sd/-
 Managing Director

Sd/-
 Director

Sd/-
 Director

NATIONAL INVESTMENT (UNIT) TRUST
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
 FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 | 2013 |
|---|------|--------------------------|-------------------|
| | | Rupees in '000 | |
| Net assets at the beginning of the year | | 47,297,459 | 41,487,495 |
| Issue of 123,925,281 units (2013: 202,269,867 units) | 18 | 6,546,243 | 7,596,007 |
| Redemption of 219,731,754 units (2013: 507,971,513 units) | 18 | (11,132,786) | (17,265,147) |
| | | (4,586,543) | (9,669,140) |
| Issue of 39,001,861 units (2013: 50,198,900 units) under Cumulative Investment Plan (CIP) | 18 | 1,599,466 | 1,377,960 |
| | | 44,310,382 | 33,196,315 |
| Element of income / (loss) and capital gains / (losses) included in price of units issued less those in units redeemed - net; | | | |
| - transferred to income statement | | 248,922 | 5,736,155 |
| - transferred directly to unit holders' fund | | 544,538 | - |
| | | 793,460 | 5,736,155 |
| Unrealised appreciation on remeasurement of investments classified as 'available for sale' - net | 7.6 | 18,433,501 | 11,797,674 |
| Capital gains | | 3,504,251 | 4,447,764 |
| Unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net | | 747,282 | 519,466 |
| Other net income/(loss) for the year | | 1,179,836 | (3,602,197) |
| | | 5,431,369 | 1,365,033 |
| Final distribution for the year ended June 30, 2013: Rs 3.75 per unit (2012: Rs. 3.50 per unit) | | (4,182,277) | (4,797,718) |
| Interim distribution for the year ended June 30, 2014: Rs 4.10 per unit (2013: Rs. Nil per unit) | | (4,339,724) | - |
| Element of income / (loss) and capital gains / (losses) included in price of units issued less those in units redeemed - transferred directly to unit holders' fund - net | | (544,538) | - |
| Net assets at the end of the year | | <u>59,902,173</u> | <u>47,297,459</u> |

The annexed notes from 1 to 32 and annexures 1 to 4 form an integral part of these financial statements.

For National Investment Trust Limited
 (Management Company)

Sd/-
 Managing Director

Sd/-
 Director

Sd/-
 Director

NATIONAL INVESTMENT (UNIT) TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

| Note | 2014 | 2013 |
|--|----------------|-------------|
| | Rupees in '000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the year before taxation | 5,431,369 | 1,365,033 |
| Adjustments: | | |
| Unrealised appreciation on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - net | 7.5 | (747,282) |
| Element of income / (loss) and capital gains / (losses) included in price of units issued less those in units redeemed - transferred to income statement - net | | 248,922 |
| Impairment loss on equity securities classified as 'available for sale' | 7.8 | 42,914 |
| Provision for Workers' Welfare Fund | 15 | 110,844 |
| Remuneration of National Investment Trust Limited - Management Company | | 546,626 |
| Sindh sales tax on remuneration of the Management Company | | 102,115 |
| Federal Excise Duty on remuneration of the Management Company | | 91,592 |
| Profit on bank deposits | | (77,668) |
| Financial charges | | 68,185 |
| Dividend income | | (2,329,259) |
| | | 3,488,358 |
| | | 4,492,842 |
| (Increase) / decrease in assets | | |
| Investments | | 2,762,386 |
| Receivable against sale of investments | | 15,375 |
| | | 2,777,761 |
| | | 3,549,087 |
| | | (30,101) |
| | | 3,518,986 |
| Increase / (decrease) in liabilities | | |
| Payable to National Investment Trust Limited - Management Company | | 55,016 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 2,252 |
| Fee payable to Securities and Exchange Commission of Pakistan | | 12,621 |
| Creditors, accrued and other liabilities | | (6,903) |
| | | 62,986 |
| | | 37,795 |
| Profit received on bank deposits | | 75,156 |
| Financial charges paid | | (96,794) |
| Dividend received | | 2,307,906 |
| Amount advanced for pre-IPO investment | | (50,000) |
| Management participation fee paid | | (628,368) |
| Long term deposits paid | | (100) |
| | | 7,936,905 |
| | | 10,395,980 |
| Net cash generated from operating activities | | |

NATIONAL INVESTMENT (UNIT) TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

| Note | 2014 | 2013 |
|--|--------------------|---------------------|
| | Rupees in '000 | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments made against redemption of units, net of receipts from issue of units | (4,735,453) | (9,526,548) |
| Dividend paid | (2,550,991) | (3,378,082) |
| Net cash used in financing activities | (7,286,444) | (12,904,630) |
| Net increase / (decrease) in cash and cash equivalents during the year | 650,461 | (2,508,650) |
| Cash and cash equivalents at the beginning of the year | 891,410 | 3,400,060 |
| Cash and cash equivalents at the end of the year | 1,541,871 | 891,410 |
| Cash and cash equivalents comprises: | | |
| Bank balances | 6 | 2,541,871 |
| Short term finances | 11 | (1,000,000) |
| | | 1,541,871 |
| | | 891,410 |

The annexed notes from 1 to 32 and annexures 1 to 4 form an integral part of these financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1 STATUS AND NATURE OF BUSINESS

- 1.1 The National Investment (Unit) Trust {NI(U)T - "the Fund"}, was established under a trust deed executed between National Investment Trust Limited (NITL) as the Management Company and National Bank of Pakistan (NBP) as the Trustee. The trust deed was executed on November 12, 1962, and was amended vide supplemental trust deeds dated June 26, 1968, June 7, 1981, November 27, 1998, November 12, 2002, December 31, 2003, January 18, 2007 and April 01, 2014. The functions of the Fund are governed by the trust deed and the National Investment (Unit) Trust Ordinance, 1965. The Central Depository Company of Pakistan Limited (the CDCPL) has taken the role of the Trustee of the Fund from May 16, 2014.
- 1.2 The Management Company of the Fund has been classified as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) 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 Privatisation Commission, Government of Pakistan had invited expressions of interest for the sale of the rights to manage the Fund which exists solely with the Management Company. The Trustee and the Management Company hold the rights and privileges of the Unit Holders to be paramount. Till date, the Privatisation Commission is engaged in the process of privatisation. The Fund has been granted exemptions till privatisation, from application of certain provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
- 1.4 The Fund is an open end 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.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned '4 - star (good)' rating based on the performance during the twelve months ended June 30, 2013 and '3 - star (average)' long term rating based on the performance during the thirty six months ended June 30, 2013.
- PACRA has assigned an asset manager rating of 'AM2- (meet standards)' to the Management Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These 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.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

3 APPLICATION OF STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

3.1 Standards, amendments and interpretations to the published standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

| Standard or Interpretation | Effective date (annual periods beginning on and after) |
|---|---|
| IAS 32 - Offsetting Financial Assets and Financial liabilities (Amendment) | January 01, 2014 |
| IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (Amendment) | January 01, 2014 |
| IFRS 12 - Disclosure of interest in other entities | January 01, 2014 |
| IFRIC 21 - Levies | January 01, 2014 |
| IFAS 3 - Profit and Loss Sharing on Deposits | January 01, 2014 |

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the year of initial application.

3.2 Further, following new standards have been issued by and are applicable from the date stipulated by the IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

| Standard or Interpretation | IASB's effective date (annual periods beginning on and after) |
|--|--|
| IFRS 9 - Financial Instruments: Classification and Measurement | January 01, 2015 |
| IFRS 13 - Fair Value Measurement | January 01, 2013 |

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments.

- 4.1 During the year, 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 is recognised in 'income statement' and to the extent that it is represented by unrealised appreciation/(diminution) arising during the year on available for sale securities is recognized directly in unit holders' fund through '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 year would have been decreased by Rs. 2,127 million.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

5.1 Financial assets

5.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

c) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity.

d) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

5.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

5.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

5.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of equity securities / units of mutual funds

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Mutual funds' units are valued by reference to the net asset values (redemption prices) declared by the respective funds.

Investments in unquoted equity securities are carried at lower of investment price or their breakup value as per latest audited accounts.

b) Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the 'income statement'.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Subsequent to initial recognition, financial assets classified as 'Loans and receivables' and 'Held to maturity' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

5.1.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement is reclassified from unit holders' fund to 'income statement'. Impairment losses recognised on equity instruments are not reversed through the income statement.

For financial assets classified as 'loans and receivables' and 'held to maturity', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by the SECP.

5.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

5.1.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'statement of assets and liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

5.2 Cash and cash equivalents

Cash and cash equivalents include stamps in hand, deposits with banks and other short term highly liquid investments with original maturities of three months or less and which are subject to insignificant changes in value, net of short-term finances.

5.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

5.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

5.5 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

5.6 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 is also exempt from the Provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

5.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company. Transaction costs are recorded as the income of the Fund.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

5.8 Proposed distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared.

5.9 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 per unit income and distribution of income already paid out on redemption.

The "element of income/(loss) and capital gains/(losses) in prices of units issued less those in units redeemed" account is credited with the amount representing net income/(loss) and capital gains/(losses) accounted for in the net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income/(loss) and capital gains/(losses) in prices of units issued less those in units redeemed" account is debited with the amount representing net income/(loss) and capital gains/(losses) accounted for in the net asset value and included in the redemption price.

The net "element of income/(loss) and capital gains/(losses) in prices of units issued less those in units redeemed" during an accounting year is bifurcated in to realized and unrealized amount. The realized amount is recognized in the 'income statement', whereas the unrealized amount is recognized directly in unit holders' fund through 'distribution statement'. The method for computation of 'realized and 'unrealized' amount is provided in note 4.1.

5.10 Borrowing costs

Borrowings costs directly attributable to the acquisition of qualifying assets (one that takes substantial period of time to get ready for use or sale) are capitalised as part of the cost of the asset. Other borrowing costs are taken to the income statement in the year in which they are incurred. Currently the Fund does not have any qualifying assets.

5.11 Revenue recognition

- Realised capital gains/(losses) arising on sale of investments are included in the 'Income Statement' on the date at which the transaction takes place.
- Unrealised capital gains/(losses) arising on marking to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Income from investment in morabaha arrangements, term finance certificates and other redeemable capital is recognised on an accrual basis, except where recovery is doubtful, in which case it is credited to the suspense account.
- Dividend income is recognised when the right to receive the dividend is established.
- Income on government securities, bank deposits and placements is recognised on an accrual basis.
- Income on issue and repurchase of units is recognised when the units are issued and redeemed at the transaction date.

5.12 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the 'statement of assets and liabilities', is calculated by dividing the net assets of the Fund by the outstanding number of units at the year end.

5.13 Earnings per unit

Earning per unit (EPU) has been calculated by dividing the net income after taxation by the outstanding number of units at the year end, as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

6 BANK BALANCES

In current accounts
 In saving accounts

| Note | 2014 | 2013 |
|------|----------------|-----------|
| | Rupees in '000 | |
| | 19,349 | 342,428 |
| 6.1 | 2,522,522 | 3,300,982 |
| 6.2 | 2,541,871 | 3,643,410 |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

6.1 These accounts carry return at rates ranging from 7% to 9.60% per annum (2013: 6% to 12% per annum).

6.2 This include an amount of Rs. 458.851 million (2013: Rs. 451.753 million) relating to unclaimed distribution.

7 INVESTMENTS

| Note | 2014 | 2013 |
|--|----------------|------------|
| | Rupees in '000 | |
| At fair value through profit or loss - held for trading | | |
| Investment in shares / units of mutual funds | 2,026,970 | 1,929,018 |
| Available for sale | | |
| Investment in shares / units of mutual funds | 61,081,598 | 43,884,552 |
| Investment in government securities | 673,246 | 1,592,761 |
| | 61,754,844 | 45,477,313 |
| Held to maturity | | |
| - Morabaha arrangements | 54,125 | 54,125 |
| - Participation term certificates | 10,500 | 10,500 |
| - Term finance certificates | 10,839 | 10,839 |
| | 75,464 | 75,464 |
| Less: Provision for impairment on held to maturity investments | (75,464) | (75,464) |
| | - | - |
| | 63,781,814 | 47,406,331 |

7.1 The investment portfolio of the Fund specifying the movement in portfolio during the year since the preceding accounting year, the carrying value and market value of the investments held and the value of each holding as a percentage of the net asset value, total investments of the Fund and, where applicable, paid up capital of investee has been set out in annexures 1 to 4 to these financial statements.

7.2 As at June 30, 2014 the market value of securities given as collateral against short term finances amounted to Rs. 2,919.503 million (2013: Rs. 6,479.113 million).

7.3 Investments include shares with a market value of Rs. 794.720 million (2013: Rs 789.445 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 22, 2007 issued by the Securities and Exchange Commission of Pakistan.

7.4 The investment portfolio of the Fund includes shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, which have been frozen by the Government of Pakistan (GoP) for sale in the equity market due to their proposed privatisation.

7.5 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - held for trading

| Note | 2014 | 2013 |
|-------------------------------------|----------------|-------------|
| | Rupees in '000 | |
| Market value of investments | 2,026,970 | 1,929,018 |
| Less: carrying value of investments | (1,279,688) | (1,409,552) |
| | 747,282 | 519,466 |

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

| | | |
|---|--------------|--------------|
| Market value of investments | 61,754,844 | 45,477,313 |
| Less: cost/carrying value of investments - net of impairment | (13,980,730) | (16,136,700) |
| | 47,774,114 | 29,340,613 |
| Net unrealised appreciation in fair value of investments at the beginning of the year | (29,340,613) | (17,542,939) |
| | 18,433,501 | 11,797,674 |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 | 2013 |
|---|------|-----------------|-----------------|
| Rupees in '000 | | | |
| 7.7 Movement in provision for impairment on held to maturity investments | | | |
| Opening balance | | (75,464) | (75,464) |
| Charge for the year | | - | - |
| Reversals during the year | | - | - |
| Closing balance | | <u>(75,464)</u> | <u>(75,464)</u> |

7.8 Impairment against equity securities classified as 'available for sale'

During the year, based on a scrip wise analysis of the deficit arising on revaluation of quoted shares, closed end mutual funds and open end mutual funds classified as 'available for sale', it has been determined that the above amount should be charged to the income statement as an impairment loss. This impairment loss has been fully recognised and the charge has been reflected in the income statement of the Fund.

8 LOANS AND RECEIVABLES

| | Note | 2014 | 2013 |
|--|------|----------|----------|
| Rupees in '000 | | | |
| Term finance certificates | | 802 | 802 |
| Less: Provision for impairment loss on term finance certificates | | (802) | (802) |
| | | <u>-</u> | <u>-</u> |

8.1 This represents term finance certificates (TFCs) of Crescent Standard Investment Bank Limited (Pacific Leasing Company Limited). These are non-interest bearing TFCs.

9 DIVIDEND & OTHER RECEIVABLE

| | Note | 2014 | 2013 |
|---|------|----------------|---------------|
| Rupees in '000 | | | |
| Dividend receivable | | 52,051 | 30,698 |
| Profit on term finance certificates | | 24,599 | 24,599 |
| Less: Provision against doubtful receivables | | (24,599) | (24,599) |
| | | <u>-</u> | <u>-</u> |
| Profit on Morabaha arrangements | | 51,267 | 51,267 |
| Less: Provision against profit on Morabaha arrangements | | (51,267) | (51,267) |
| | | <u>-</u> | <u>-</u> |
| Mark-up receivable on bank deposits | | 16,597 | 14,085 |
| Advance against pre-IPO investment | 9.1 | 200,000 | 150,000 |
| Less: Provision against doubtful receivables | | (150,000) | (150,000) |
| | | <u>50,000</u> | <u>-</u> |
| Other receivables | | 2,991 | 2,991 |
| Less: Provision against doubtful receivables | | (2,991) | (2,991) |
| | | <u>-</u> | <u>-</u> |
| | | <u>118,648</u> | <u>44,783</u> |

9.1 This include Rs. 150 million (2013: Rs. 150 million) which the Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO on March 13, 2008. Under the agreement, the issuer was required to complete the public offering by November 23, 2008. However no public offering has been carried out by the issuer as at June 30, 2014. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As a matter of prudence, the Fund has made a provision of 100% against this advance. Further, during the year, the Company made investment of Rs. 50 million in a Pre-IPO issue. Subsequent to the year-end, this amount has been returned to the Company on account of unsuccessful bidding.

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

10 LONG TERM DEPOSITS

This represents security deposit of Rs. 100,000 (2013: Nil) with the Central Depository Company of Pakistan Limited and Rs. 2,500,000 (2013: Rs. 2,500,000) with the National Clearing Company of Pakistan Limited.

| | Note | 2014 | 2013 |
|--|------|------------------|------------------|
| Rupees in '000 | | | |
| 11 SHORT TERM FINANCES - secured | | | |
| Short term finances obtained from commercial banks | | 1,000,000 | - |
| Running finances obtained from commercial banks | 11.1 | - | 2,752,000 |
| | | <u>1,000,000</u> | <u>2,752,000</u> |

11.1 The running finance facilities obtained from various commercial banks have limits of Rs. Nil (2013: Rs. 5,200 million). The rate of mark-up on these finances ranges from 9.20% to 10.64% per annum (2013: 9.72% to 10.43% per annum). These finances are secured by pledge of marketable securities as mentioned in note 7.2 of these financial statements.

12 PAYABLE TO THE NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY

On account of:

| | | | |
|--------------------------------|------|----------------|----------------|
| - repurchase of Units | | - | 163,633 |
| - management participation fee | 12.1 | 67,978 | 47,605 |
| - others | 12.2 | 164,722 | 109,706 |
| | | <u>232,700</u> | <u>320,944</u> |

12.1 Management Company is entitled to receive management participation fee on account of services rendered to the Fund. Management participation fee is charged at 1% of the average funds under management during the year subject to a maximum of 1% of the value of the Fund as on June 30 each year.

12.2 Others include preliminary charges on sale of units amounting to Rs. 143.05 million (2013: Rs 93.708 million).

13 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

| | | | |
|----------------------------|--|-------|---|
| Trustee fee (refer note 1) | | 2,252 | - |
|----------------------------|--|-------|---|

14 FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

| | | | |
|--|--|--------|--------|
| | | 51,882 | 39,261 |
|--|--|--------|--------|

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the scheme. The Fund has been categorised as an equity scheme by the Management Company.

15 CREDITORS, ACCRUED AND OTHER LIABILITIES

| | | | |
|---|------|----------------|----------------|
| Provision for Workers' Welfare Fund | 15.1 | 380,360 | 269,516 |
| Excess dividend received | | 16,517 | 14,053 |
| Distribution not claimed by unit holders | | 4,071 | 3,917 |
| Brokerage payable against sale and purchase of securities | | 3,723 | 28 |
| Federal Excise Duty payable on remuneration of the Management Company | | 74,265 | - |
| Accrued financial charges | | 7,096 | 35,705 |
| Auditors' remuneration payable | 15.2 | 565 | - |
| Payable on account of repurchase of Units | | 14,723 | - |
| Others | | 15,643 | 11,943 |
| | | <u>516,963</u> | <u>335,162</u> |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

15.1 Provision for Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes/ mutual funds (CIS) 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 the Workers' Welfare Fund (the WWF) at the rate of two percent of the higher of accounting or taxable income. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of the WWF Ordinance to the CISs, which is pending adjudication.

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 the 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 the Court.

During the year ended June 30, 2012, the Honourable 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 at year end for WWF amounting to Rs. 380.360 million (including Rs. 110.844 million as charge 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. 0.36 per unit.

| | 2014 | 2013 |
|--|----------------|------|
| | Rupees in '000 | |
| | 565 | - |

15.2 Auditors' remuneration

The Fund's trust deed is in the process of amendment. The remuneration expense was previously charged to the Management Company of the Fund. This charge includes Rs. 525,000 in respect of audit fee for the year.

16 DIVIDEND PAYABLE AND UNCLAIMED DISTRIBUTIONS

As at each accounting date, the amount of cash required to effect distribution of profits amongst holders of registered and bearer units, is transferred to a special account titled distribution account. The aggregate balance in such accounts for the years 1997-98 and earlier in case of distribution to registered unit holders and 1999-2000 and earlier in case of distribution to bearer unit holders exceeds the liability for unclaimed distribution by approximately Rs. 31.469 million. This amount represents payments of dividend out of accounts other than the relevant distribution account and is included as part of the deposited property of the Fund. Further, this includes an amount of Rs. 4,340 million which pertains to the interim dividend for the year.

17 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2014 and June 30, 2013.

18 OUTSTANDING NUMBER OF UNITS IN ISSUE

| | Number of units | | | |
|--|----------------------|-------------------|----------------------|----------------------|
| | Registered | Bearer | Total 2014 | Total 2013 |
| Total outstanding at the beginning of the year | 1,088,558,938 | 26,714,935 | 1,115,273,873 | 1,370,776,615 |
| Add: Issue during the year | 123,925,281 | - | 123,925,281 | 202,269,871 |
| Add: Units issued under Cumulative Investment Plan (CIP) during the year | 39,001,861 | - | 39,001,861 | 50,198,900 |
| Conversion of bearer units into registered | 2,097,465 | (2,097,465) | - | - |
| | 1,253,583,545 | 24,617,470 | 1,278,201,015 | 1,623,245,386 |
| Less: Repurchases during the period | (219,291,504) | (440,250) | (219,731,754) | (507,971,513) |
| Total units in issue at the end of the year | 1,034,292,041 | 24,177,220 | 1,058,469,261 | 1,115,273,873 |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

19 PATTERN OF UNIT HOLDING

| Category | Number of unit holders | Investment amount | Percentage |
|----------------------------------|---------------------------|----------------------|----------------|
| | (Rupees in '000) | | |
| As at June 30, 2014 | | | |
| Individuals | 49,667 | 21,702,056 | 36.23% |
| Associated Companies / Directors | 1 | 7,806 | 0.01% |
| Insurance Companies | 23 | 8,290,433 | 13.84% |
| Banks / DFIs | 31 | 2,012,669 | 3.36% |
| NBFCs | 16 | 6,738,567 | 11.25% |
| Retirement funds | 346 | 15,058,253 | 25.14% |
| Public Limited Companies | 21 | 608,584 | 1.02% |
| Others | 527 | 5,483,805 | 9.15% |
| | 50,632 | 59,902,173 | 100.00% |
| As at June 30, 2013 | | | |
| Individuals | 50,980 | 16,211,580 | 34.29% |
| Associated Companies / Directors | 2 | 28,944 | 0.06% |
| Insurance Companies | 22 | 6,016,464 | 12.72% |
| Banks / DFIs | 32 | 3,568,190 | 7.54% |
| NBFCs | 22 | 4,263,723 | 9.01% |
| Retirement funds | 396 | 11,695,130 | 24.73% |
| Public Limited Companies | 20 | 432,761 | 0.91% |
| Others | 533 | 5,080,667 | 10.74% |
| | 52,007 | 47,297,459 | 100.00% |

20 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the Management Company intends to distribute at least ninety percent of the Fund's accounting income, if any, for the year ending June 30, 2014 as reduced by capital gains, whether realised or unrealised, to its unit holders.

21 EARNINGS PER UNIT

| | 2014 | 2013 |
|--|----------------------|---------------|
| Net income after taxation - Rupees in '000 | 5,431,369 | 1,365,033 |
| Units outstanding at the year end, (refer note 21.2) | 1,058,469,261 | 1,115,273,873 |
| 21.1 Earnings per unit - basic and diluted (Rupees) | 5.13 | 1.22 |

21.2 Earnings per unit (EPU) has been determined using units outstanding as at period end as the management is of the opinion that determination of cumulative weighted average number of outstanding units as at year end is not practicable.

22 TRANSACTIONS WITH CONNECTED PERSONS

22.1 Connected persons include National Investment Trust Limited being the Management Company, National Bank of Pakistan and Central Depository Company of Pakistan Limited being the Trustees, 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 net assets of the Fund and directors and key management personnel of the Management Company.

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

22.2 Transactions with connected persons essentially comprise sale and repurchase of units, fee on account of managing the affairs of the Fund, sales load and other charges and dividend payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

22.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

22.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at the year end are as follows:

| | 2014 | 2013 |
|--|-----------------------|-----------|
| | <u>Rupees in '000</u> | |
| 22.4.1 Transactions during the year | | |
| a) National Investment Trust Limited - Management Company | | |
| 1,0,771,691 units issued (2013: 18,757,327) | 650,000 | 800,000 |
| 8,202,624 units issued under CIP (2013: 8,329,348 units) | 336,390 | 228,641 |
| Management participation fee | 546,626 | 411,557 |
| Sindh Sales Tax on Management Fee | 102,115 | 65,849 |
| FED Charges on Management Participation Fee | 91,592 | - |
| b) Directors and key management personnel | | |
| 59,583 units issued (2013: 72,401 units) | 3,000 | 2,500 |
| 5,958 units issued under CIP (2013: 62,801 units) | 244 | 1,724 |
| c) National Investment Trust Limited Provident Fund | | |
| Nil units issued under CIP (2013: 7,605 units) | - | 209 |
| Redemption of Nil units (2013: 962,198) | - | 32,865 |
| d) National Investment Trust Limited Pension Fund | | |
| Nil units issued (2013: 2,343,018 units) | - | 100,000 |
| 192,823 units issued under CIP (2013: 40,556 units) | 7,908 | 1,113 |
| Redemption of Nil units (2013: 1,627,668 units) | - | 55,579 |
| 22.4.2 Balances outstanding as at year end | | |
| a) National Investment Trust Limited - Management Company | | |
| 118,646,139 units held (2013: 99,671,823) | 6,714,185 | 4,227,082 |
| Payable to management company | 232,700 | 320,944 |
| b) National Bank of Pakistan | | |
| Bank balances | 28,102 | 1,080,666 |
| 3,015,078 shares held (2013: 6,165,078) | 187,628 | 253,508 |
| c) National Investment Trust Limited Pension Fund | | |
| 2,535,841 units held (June 30, 2013: 2,343,018 units) | 143,503 | 99,367 |
| d) Directors and key management personnel | | |
| 137,942 units held (June 30, 2013: 682,472) | 7,806 | 28,944 |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

23 FINANCIAL INSTRUMENTS BY CATEGORY

23.1 Categories of financial assets

Loans and receivables

- Bank balances
- Dividend and other receivables
- Receivable against sale of investments
- Deposit with National Clearing Company of Pakistan Limited

| | 2014 | 2013 |
|--|-----------------------|------------------|
| | <u>Rupees in '000</u> | |
| | 2,541,871 | 3,643,410 |
| | 118,648 | 44,783 |
| | 14,726 | 30,101 |
| | 2,600 | 2,500 |
| | 2,677,845 | 3,720,794 |

At fair value through profit or loss - those designated as such upon initial recognition

- Investments

2,026,970 1,929,018

At fair value through profit or loss - those classified as held for trading

- -

Available for sale

- Investments

61,754,844 45,477,313

Held to maturity

- -

66,459,659 **51,127,125**

23.2 Categories of financial liabilities

At fair value through profit or loss

- -

Others

- Short term finances
- Payable to National Investment Trust Limited - Management Company
- Payable to Central Depository Company of Pakistan Limited - Trustee
- Creditors, accrued and other liabilities
- Unclaimed distribution

| | | |
|--|------------------|------------------|
| | 1,000,000 | 2,752,000 |
| | 232,700 | 320,944 |
| | 2,252 | - |
| | 136,603 | 65,646 |
| | 4,753,689 | 382,299 |
| | 6,125,244 | 3,520,889 |
| | 6,125,244 | 3,520,889 |

24 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks; which includes market risk, credit risk and liquidity risk.

24.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk through diversification of the investment portfolio by exposures and by following the internal guidelines established by the investment committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

24.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instruments and is not exposed to cash flow interest rate risk.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2014, the Fund holds Treasury Bills which are classified as available for sale, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan on June 30, 2014, with all other variables held constant, the net assets would have been lower by Rs. 0.184 million (2013: Rs. 0.894 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2014, with all other variables held constant, the net assets would have been higher by Rs. Rs. 0.184 million (2013: Rs. 0.895 million).

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

| June 30, 2014 | | | | | |
|---------------------------------|---------------------------------------|---|--------------------|---|-------|
| Effective yield / interest rate | Exposed to yield / interest rate risk | | | Not exposed to yield / interest rate risk | Total |
| | Up to three months | More than three months and up-to one year | More than one year | | |
| Percentage | Rupees in '000 | | | | |

a) On-balance sheet financial instruments

Financial Assets

| | | | | | | |
|--|-------------|-----------|---|---|------------|------------|
| Bank balances | 6.00 - 9.60 | 2,522,522 | - | - | 19,349 | 2,541,871 |
| Investments | 9.5825 | 673,246 | - | - | 63,108,568 | 63,781,814 |
| Receivable against sale of investments | | - | - | - | 14,726 | 14,726 |
| Dividend and other receivables | | - | - | - | 118,648 | 118,648 |
| Long term deposits | | - | - | - | 2,600 | 2,600 |
| | | 3,195,768 | - | - | 63,263,891 | 66,459,659 |

Financial Liabilities

| | | | | | | |
|---|--------------|-----------|---|---|-----------|-----------|
| Short term finances | 9.20 - 10.64 | 1,000,000 | - | - | - | 1,000,000 |
| Payable to National Investment Trust Limited - Management Company | | - | - | - | 232,700 | 232,700 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | - | - | - | 516,963 | 516,963 |
| Creditors, accrued and other liabilities | | - | - | - | 2,252 | 2,252 |
| Unclaimed distribution | | - | - | - | 136,603 | 136,603 |
| | | 1,000,000 | - | - | 4,753,689 | 4,753,689 |
| | | 1,000,000 | - | - | 5,642,207 | 6,125,244 |

On-balance sheet gap

| | | | | | | |
|--|--|-----------|---|---|------------|------------|
| | | 2,195,768 | - | - | 57,621,684 | 60,334,415 |
|--|--|-----------|---|---|------------|------------|

b) Off-balance sheet financial instruments

| | | | | | | |
|--|--|---|---|---|---|---|
| | | - | - | - | - | - |
|--|--|---|---|---|---|---|

c) Total interest rate sensitivity gap

| | | | | | | |
|--|--|-----------|---|---|------------|------------|
| | | 2,195,768 | - | - | 57,621,684 | 60,334,415 |
|--|--|-----------|---|---|------------|------------|

d) Cumulative interest rate sensitivity gap

| | | | | | | |
|--|--|-----------|-----------|-----------|--|--|
| | | 2,195,768 | 2,195,768 | 2,195,768 | | |
|--|--|-----------|-----------|-----------|--|--|

| June 30, 2013 | | | | | |
|---------------------------------|---------------------------------------|---|--------------------|---|-------|
| Effective yield / interest rate | Exposed to yield / interest rate risk | | | Not exposed to yield / interest rate risk | Total |
| | Up to three months | More than three months and up-to one year | More than one year | | |
| Percentage | Rupees in '000 | | | | |

a) On-balance sheet financial instruments

Financial Assets

| | | | | | | |
|--|--------------|-----------|---|---|------------|------------|
| Bank balances | 6.00 - 12.00 | 3,300,982 | - | - | 342,428 | 3,643,410 |
| Investments | 9.07 - 12.00 | 1,592,761 | - | - | 45,813,570 | 47,406,331 |
| Receivable against sale of investments | | - | - | - | 30,101 | 30,101 |
| Dividend and other receivables | | - | - | - | 44,783 | 44,783 |
| Long term deposits | | - | - | - | 2,500 | 2,500 |
| | | 4,893,743 | - | - | 46,233,382 | 51,127,125 |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

| June 30, 2013 | | | | | |
|---------------------------------|---------------------------------------|---|--------------------|---|-------|
| Effective yield / interest rate | Exposed to yield / interest rate risk | | | Not exposed to yield / interest rate risk | Total |
| | Up to three months | More than three months and up-to one year | More than one year | | |
| Percentage | Rupees in '000 | | | | |

| | | | | | |
|---|--------------|-----------|-------------|------------|------------|
| Financial Liabilities | | | | | |
| Short term finances | 9.72 - 10.43 | - | 2,752,000 | - | 2,752,000 |
| Payable to National Investment Trust Limited Management Company | | - | - | 320,944 | 320,944 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | - | - | - | - |
| Creditors, accrued and other liabilities | | - | - | 65,646 | 65,646 |
| Unclaimed distribution | | - | - | 382,299 | 382,299 |
| | | - | 2,752,000 | 768,889 | 3,520,889 |
| On-balance sheet gap | | 4,893,743 | (2,752,000) | 45,464,493 | 47,606,236 |
| b) Off-balance sheet financial instruments | | - | - | - | - |
| Off-balance sheet gap | | - | - | - | - |
| c) Total interest rate sensitivity gap | | 4,893,743 | (2,752,000) | 45,464,493 | 47,606,236 |
| d) Cumulative interest rate sensitivity gap | | 4,893,743 | 2,141,743 | 2,141,743 | |

24.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund and classified on the 'statement of assets and liabilities' as available for sale and at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 30% of net assets or index weight of the security whichever is higher, subject to maximum of 35% of the net assets.

In case of 5% increase/decrease in KSE 100 index on June 30, 2014, with all other variables held constant, net income of the Fund for the year would increase/decrease by Rs. 39.693 million (2013: Rs. 4.370 million) and the net assets would increase/decrease by the same amount, as a result of gains / losses on equity securities included in KSE 100 index classified as at fair value through profit or loss. Other components of equity and net assets of the Fund would increase/decrease by Rs. 2,513.907 million (2013: Rs. 331.537 million) as a result of gains/(losses) on equity securities included in KSE 100 index classified as available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

24.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform their obligation as contracted. Credit risk arises from deposits with banks and financial institutions, receivable from management company, investment in debt securities, credit exposure arising as a result of dividends receivable on equity securities and receivable against sale of investments. For banks and financial institutions, only reputed parties are accepted. Risk attributable to investment in Treasury Bills is limited as these are guaranteed by the Federal Government. Credit risk on dividends receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2014.

| | Rating | | 2014 | |
|---------------------------|-----------|------------|------------------|----------------|
| | Long term | Short term | (Rs. in '000) | (Percentage) |
| Rating by PACRA | | | | |
| Allied Bank Limited | AA+ | A1+ | 20 | 0.00% |
| Bank Al-Habib Limited | AA+ | A1+ | 2,464,342 | 96.95% |
| Bank Al-Falah Limited | AA | A1+ | 5 | 0.00% |
| NIB Bank Limited | AA- | A1+ | 11 | 0.00% |
| Rating by JCR-VIS | | | | |
| Summit Bank Limited | A- | A-3 | 47,175 | 1.86% |
| United Bank Limited | AA+ | A1+ | 20 | 0.00% |
| National Bank of Pakistan | AAA | A1+ | 30,298 | 1.19% |
| | | | <u>2,541,871</u> | <u>100.00%</u> |

The maximum exposure to credit risk before any credit enhancement as at June 30, 2014 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio of financial instruments is mostly concentrated in equity securities.

24.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to the daily settlement of equity securities and to daily cash redemptions, if any. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Karachi Stock Exchange.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

| Financial liabilities | June 30, 2014 | | | |
|---|------------------|--------------------|--------------------------------------|---------------|
| | Total | Up to three months | Over three months and up to one year | Over one year |
| | Rupees in '000 | | | |
| Short term finances | 1,000,000 | 1,000,000 | - | - |
| Payable to the National Investment Trust Limited - Management Company | 232,700 | 232,700 | - | - |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | 2,252 | 2,252 | - | - |
| Creditors, accrued and other liabilities | 136,603 | 136,603 | - | - |
| Dividend payable & unclaimed distribution | 4,753,689 | 4,753,689 | - | - |
| | <u>6,125,244</u> | <u>6,125,244</u> | - | - |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

| Total | June 30, 2013 | | |
|------------------|--------------------|--------------------------------------|---------------|
| | Up to three months | Over three months and up to one year | Over one year |
| | Rupees in '000 | | |
| 2,752,000 | - | 2,752,000 | - |
| 320,944 | 320,944 | - | - |
| - | - | - | - |
| 65,646 | 65,646 | - | - |
| 382,299 | 382,299 | - | - |
| <u>3,520,889</u> | <u>768,889</u> | <u>2,752,000</u> | <u>-</u> |

Financial Liabilities

Short term finances
 Payable to the National Investment Trust Limited - Management Company
 Payable to the Central Depository Company of Pakistan Limited - Trustee
 Creditors, accrued and other liabilities
 Dividend payable & unclaimed distribution

25 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 23, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the close of trading on the year end date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

IFRS 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

Investments of the Fund carried at fair value are categorised as follows:

| Financial assets | June 30, 2014 | | | |
|--|----------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | |
| Financial assets classified as 'at fair value through profit or loss' | | | | |
| - Investment in shares / units of mutual funds | 2,026,970 | - | - | 2,026,970 |
| - Derivative financial instruments (unrealised gain on letter of rights) | - | - | - | - |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

| Financial assets | June 30, 2014 | | | Total |
|---|----------------|---------|---------|------------|
| | Rupees in '000 | | | |
| | Level 1 | Level 2 | Level 3 | |
| Financial assets classified as 'available for sale' | | | | |
| - Investment in shares / units of mutual funds | 61,081,598 | - | - | 61,081,598 |
| - Investment in government securities | - | 673,246 | - | 673,246 |

27 TRANSACTIONS WITH BROKERS / DEALERS

27.1 List of top ten brokers by percentage of commission paid during year ended June 30, 2014

| Broker | Percentage |
|--|------------|
| JS Global Capital Limited | 2.87% |
| AKD Securities Limited | 2.77% |
| Arif Habib Limited | 2.57% |
| Cassim Investment (Private) Limited | 2.54% |
| Concordia Securities (Private) Limited | 2.48% |
| Amin Tai Securities (Private) Limited | 2.47% |
| Lakhani Securities (Private) Limited | 2.47% |
| KASB Securities (Private) Limited | 2.46% |
| BMA Capital Management Limited | 2.46% |
| Habib Metro Financial Services Limited | 2.43% |

27.2 List of top ten brokers by percentage of commission paid during year ended June 30, 2013

| Broker | Percentage |
|--|------------|
| AKD Securities Limited | 5.06% |
| Arif Habib Limited | 4.70% |
| JS Global Capital Limited | 3.82% |
| KASB Securities Limited | 3.69% |
| Al-Habib Capital Markets (Private) Limited | 3.38% |
| Amin Tai Securities (Private) Limited | 3.18% |
| Global Securities Pakistan Limited | 3.05% |
| BMA Capital Management Limited | 3.01% |
| Cassim Investment (Private) Limited | 3.00% |
| D.J.M Securities (Private) Limited | 2.94% |

NATIONAL INVESTMENT (UNIT) TRUST
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

28 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follow:

| S. No. | Name | Designation | Qualification | Experience (years) |
|--------|--------------------------|--|--|--------------------|
| 1 | Mr. Shahid Ghaffar | Chief Executive Officer / Managing Director | MBA. | 37 |
| 2 | Mr. Manzoor Ahmed | Chief Operating Officer / Head of Asset Management | MBA, DAIBP and Candidate for CFA Level III. | 25 |
| 3 | Mr. Shahid Anwar | Head of Managing Director's (MD) Secretariat and Personnel | MBA and DAIBP. | 37 |
| 4 | Mr. Zubair Ahmad | Controller of Branches and Company Secretary | M. Phil, MBA, PGD (General Management) and PGD (Development Policies). | 41 |
| 5 | Mr. Aamir Amin | Head of Finance | FCA. | 17 |
| 6 | Mr. Muhammad Imran Rafiq | Head of Research | MBA and CFA. | 8 |
| 7 | Mr. Muhammad Atif Khan | Manager Compliance and Risk Management | ACMA and CIA. | 10 |

28.1 Mr. Manzoor Ahmed is also the Manager of the Fund. Other funds being managed by him are as follows:

- NIT - State Enterprise Fund (NIT SEF)

29 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

29.1 Information in respect of attendance by the Directors in the meetings is given below:

| S. No. | Name of Director | Date on which meeting was held | | | Meetings not attended |
|--------|---------------------------|-----------------------------------|----------|---------------|---|
| | | Held during tenor of directorship | Attended | Leave granted | |
| 1(a) | Mr. Shahid Ghaffar | 1 | 1 | - | |
| 1(b) | Mr. Manzoor Ahmed | 7 | 7 | - | |
| 2(a) | Mr. Tajammal Hussain | 2 | - | 2 | 301 st and 302 nd |
| 2(b) | Mr. Mian Nusrat-Ud-Din | 1 | 1 | - | |
| 3(a) | Dr. Asif A. Brohi | 2 | 2 | - | |
| 3(b) | Mr. Asif Hassan | 2 | 2 | - | |
| 4 | Syed Ahmed Iqbal Ashraf | 4 | 3 | 1 | 308 th |
| 5 | Mr. Jamal Nasim | 8 | 8 | - | |
| 6(a) | Mr. Muhtashim Ahmed Ashai | 8 | 4 | 4 | 301 st , 303 rd , 304 th and 306 th |
| 6(b) | Mr. Abdul Razak Adamjee | 5 | 1 | 4 | 302 nd , 303 rd , 304 th and 305 th |
| 6(c) | Mr. Iqbal Adamjee | 3 | 3 | - | |
| 7 | Mr. Ali Sameer Farooqi | 8 | 5 | 3 | 303 rd and 305 th and 308 th |
| 8(a) | Mr. Abdur Rauf Khan | 5 | 5 | - | |
| 8(b) | Mr. Rana Assad Amin | 3 | 2 | 1 | 307 th |
| 9(a) | Mr. Rasul Bux Phulpoto | 3 | 3 | - | |
| 9(b) | Mr. Ayaz Hussain M.Gad | 2 | 2 | - | |
| 9(c) | Mr. Fida Hussain Samoo | 2 | 2 | - | |
| 9(d) | Mr. Shahzad F. Lodhi | 1 | 1 | - | |
| 10 | Mr. Aman Aziz Siddiqui | 1 | 1 | - | |
| 11 | Mr. Yameen Kerai | 1 | 1 | - | |

**NATIONAL INVESTMENT (UNIT) TRUST
INVESTMENTS - AVAILABLE FOR SALE
AS AT JUNE 30, 2014**

| Name of Investee Company | Number of Shares | | | | | | Rupees in '000 | | Percentage of | | | |
|---|---------------------|--------------------------|-----------------------------|----------------------------------|-----------------------------------|----------------------|---------------------|------------------------------------|----------------------------------|--------------|--------------|------------------------------|
| | As at July 01, 2013 | Purchase during the Year | Bonus Issue during the Year | Right/ new issue during the Year | Merger/ Demerger/ Adjust. Effects | Sale during the Year | As at June 30, 2014 | Carrying value as at June 30, 2014 | Market Value as at June 30, 2014 | Net Assets | Market Value | Investee Co. Paid-up Capital |
| Globe Textile Mills Limited | 2,472 | - | - | - | - | - | 2,472 | - | - | - | - | 0.02 |
| Greaves Aircorndition | 59,110 | - | - | - | - | - | 59,110 | - | - | - | - | - |
| Gypsum Corporation | 165,017 | - | - | - | - | - | 165,017 | - | - | - | - | 5.00 |
| Habib Bank Modarba First | 4,751,756 | - | - | - | - | 982,500 | 3,769,256 | 11,421 | 58,612 | 0.09 | 0.09 | 9.49 |
| H-Shaikh | 113,022 | - | - | - | - | - | 113,022 | - | - | - | - | - |
| Hyderabad Electronic | 98,518 | - | - | - | - | - | 98,518 | - | - | - | - | 3.28 |
| Indus Bank Limited | 147 | - | - | - | - | - | 147 | - | - | - | - | 0.00 |
| Indus Polyester Company Limited | 4 | - | - | - | - | - | 4 | - | - | - | - | 0.00 |
| Industrial Development Bank | 1,970 | - | - | - | - | - | 1,970 | - | - | - | - | 0.04 |
| Innovative Investment Bank Limited | 35,227 | - | - | - | - | - | 35,227 | - | - | - | - | 0.35 |
| Investec Mutual Fund | 172,406 | - | - | - | - | - | 172,406 | - | - | - | - | 1.72 |
| Investec Securities Limited | 98,518 | - | - | - | - | - | 98,518 | - | - | - | - | 0.60 |
| Islamic Investment Bank | 139,990 | - | - | - | - | - | 139,990 | - | - | - | - | 0.71 |
| Itti Textile Mills Limited | 163,151 | - | - | - | - | - | 163,151 | - | - | - | - | 2.46 |
| Junaid Cotton Mills Limited | 37,436 | - | - | - | - | - | 37,436 | - | - | - | - | 1.50 |
| Karachi Pipe | 156,102 | - | - | - | - | - | 156,102 | - | - | - | - | 7.81 |
| Karim Silk Mills Limited | 19,223 | - | - | - | - | - | 19,223 | - | - | - | - | 1.97 |
| Kohinoor Cotton | 62,553 | - | - | - | - | - | 62,553 | - | - | - | - | 5.57 |
| Lafayette Industries Synthetics Limited | 92,360 | - | - | - | - | - | 92,360 | - | - | - | - | 2.59 |
| LTV Capital Modaraba | 321 | - | - | - | - | - | 321 | - | - | - | - | 0.00 |
| Marr Fabrics Limited | 118,221 | - | - | - | - | - | 118,221 | - | - | - | - | 4.93 |
| Mehran Bank Limited | 738,590 | - | - | - | - | - | 738,590 | - | - | - | - | 2.46 |
| Mehran Jute Mills Limited | 121,543 | - | - | - | - | - | 121,543 | - | - | - | - | 3.96 |
| Mohib Textile Mills Limited | 159,813 | - | - | - | - | - | 159,813 | - | - | - | - | 1.33 |
| Mubarak Dairies Limited | 416 | - | - | - | - | - | 416 | - | - | - | - | 0.01 |
| National Match Industries | 26,452 | - | - | - | - | - | 26,452 | - | - | - | - | 7.56 |
| National Overseas | 24,629 | - | - | - | - | - | 24,629 | - | - | - | - | - |
| Naveed Textile Mills | 70,637 | - | - | - | - | - | 70,637 | - | - | - | - | 3.62 |
| Norrie Textile Mills Limited | 136,500 | - | - | - | - | - | 136,500 | - | - | - | - | 2.81 |
| Nowshera Engineering | 26,057 | - | - | - | - | - | 26,057 | - | - | - | - | 5.21 |
| Nusrat Textile Mills | 306,342 | - | - | - | - | - | 306,342 | - | - | - | - | 6.81 |
| Olympia Textile Mills Limited. | 358,359 | - | - | - | - | - | 358,359 | - | 2,813 | 0.00 | 0.00 | 3.32 |
| Pak Ghee Industries Limited | 58,618 | - | - | - | - | - | 58,618 | - | - | - | - | 2.66 |
| Pak Paper Corporation | 103,848 | - | - | - | - | - | 103,848 | - | - | - | - | - |
| Pearl Fabrics | 229,970 | - | - | - | - | - | 229,970 | - | - | - | - | 2.64 |
| Polyron Limited | 147 | - | - | - | - | - | 147 | - | - | - | - | 0.00 |
| Premier Board | 29,998 | - | - | - | - | - | 29,998 | - | - | - | - | - |
| Punjab Building | 443,845 | - | - | - | - | - | 443,845 | - | - | - | - | - |
| Punjab Cotton | 56,155 | - | - | - | - | - | 56,155 | - | - | - | - | - |
| Punjab Lamp | 108,468 | - | - | - | - | - | 108,468 | - | - | - | - | - |
| Qayyum Spinning Mills Limited | 149 | - | - | - | - | - | 149 | - | - | - | - | 0.00 |
| RCD Ball | 19,716 | - | - | - | - | - | 19,716 | - | - | - | - | 1.31 |
| Ref's Manufacturing Co.Pk | 26 | - | - | - | - | - | 26 | - | - | - | - | 0.00 |
| Rex Baren Battery | 56,155 | - | - | - | - | - | 56,155 | - | - | - | - | 1.50 |
| Saitex Spinning Mills Limited | 358,212 | - | - | - | - | - | 358,212 | - | - | - | - | 4.84 |
| Saleem Denim(Kaytex Mills) | 162,160 | - | - | - | - | - | 162,160 | - | - | - | - | 3.77 |
| Sapphire Holding Limited | 352,976 | - | - | - | - | - | 352,976 | - | 3,530 | 0.01 | 0.01 | 1.76 |
| Shahyar (O.E.) | 78,469 | - | - | - | - | - | 78,469 | - | - | - | - | 3.79 |
| Shahyar Textile Mill | 222,109 | - | - | - | - | - | 222,109 | - | - | - | - | 5.14 |
| Siftaq International Limited | 108,222 | - | - | - | - | - | 108,222 | - | - | - | - | 3.59 |
| Sind Alkalies Limited | 704,745 | - | - | - | - | - | 704,745 | - | - | - | - | 9.42 |
| Sunrise Textile Mills Limited | 15,024 | - | - | - | - | - | 15,024 | - | - | - | - | 0.14 |
| Sunshine Cloth Mills Limited | 440,918 | - | - | - | - | - | 440,918 | - | - | - | - | 5.62 |
| Tariq Cotton Mills Limited | 43,100 | - | - | - | - | - | 43,100 | - | - | - | - | 6.16 |
| Tawakkal Garments Industries Limited | 118,664 | - | - | - | - | - | 118,664 | - | - | - | - | 0.98 |
| Tawakkal Limited | 113,264 | - | - | - | - | - | 113,264 | - | - | - | - | 0.81 |
| Uqab Breeding Farms Limited | 139,748 | - | - | - | - | - | 139,748 | - | - | - | - | 5.27 |
| Zaffar Textile | 66,844 | - | - | - | - | - | 66,844 | - | - | - | - | 6.68 |
| Zahur Textile Mills Limited | 412,147 | - | - | - | - | - | 412,147 | - | - | - | - | 0.55 |
| 20,303,193 | | | | | | 982,500 | 19,320,693 | 11,421 | 64,955 | 0.10 | 0.10 | |
| 969,303,219 | 1,862,405 | 33,561,984 | 32,803,082 | (9,778,239) | 120,726,997 | 907,025,454 | 13,307,360 | 61,081,598 | 95.09 | 95.77 | | |

**NATIONAL INVESTMENT (UNIT) TRUST
INVESTMENTS IN GOVERNMENT SECURITIES (T-BILLS) - AVAILABLE FOR SALE
AS AT JUNE 30, 2014**

| Issue date | Tenor | Rupees in '000 | | | | | Percentage of | | |
|--------------------|-----------|--------------------|-----------------------------|----------------------------------|---------------------|------------------------------------|----------------------------------|--------------|----------------------------------|
| | | Face value | | | | Carrying value as at June 30, 2014 | Market value as at June 30, 2014 | Net assets | Market value to total investment |
| | | As at July 1, 2013 | Purchases During the Period | Sales/ Matured During the Period | As at June 30, 2014 | | | | |
| 2-May-13 | 03 Months | 500,000 | - | 500,000 | - | - | - | - | - |
| 12-Jul-13 | 12 Months | 500,900 | - | 500,900 | - | - | - | - | - |
| 26-Jul-13 | 12 Months | 600,000 | - | 600,000 | - | - | - | - | - |
| 17-Apr-14 | 03 Months | - | 675,000 | - | 675,000 | 673,246 | 673,246 | 0.011 | 0.011 |
| Grand Total | | 1,600,900 | 675,000 | 1,600,900 | 675,000 | 673,246 | 673,246 | 0.011 | 0.011 |

NATIONAL INVESTMENT (UNIT) TRUST
INVESTMENTS - HELD TO MATURITY
AS AT JUNE 30, 2014

| S. No. | Name | Cost (Rupees in'000) | | | % age of net assets |
|--|---|----------------------|-------------------------------|----------|---------------------|
| | | Opening | Redemptions during the period | Closing | |
| INVESTMENT IN SECURITIES CLASSIFIED AS - 'HELD TO MATURITY' | | | | | |
| Investment under Morabaha Arrangements | | | | | |
| 1 | Textile Management (Private) Limited | 4,125 | - | 4,125 | 0.01 |
| 2 | Pak China Fertilizers Limited | 27,000 | - | 27,000 | 0.06 |
| 3 | Quaidabad Woolen Mills Limited | 23,000 | - | 23,000 | 0.05 |
| | Sub-total | 54,125 | - | 54,125 | 0.12 |
| | Less : Provision for impairment loss | (54,125) | - | (54,125) | (0.12) |
| | | - | - | - | - |
| Participation Term Certificates | | | | | |
| 1 | Adamjee Paper & Board Mills Limited | 10,500 | - | 10,500 | 0.02 |
| | Less : Provision for impairment loss | (10,500) | - | (10,500) | (0.02) |
| | | - | - | - | - |
| Term Finance Certificates and Redeemable Capital | | | | | |
| 1 | Adamjee Paper & Board Mills Limited | 8,125 | - | 8,125 | 0.02 |
| 2 | Brothers Steel Mills Limited | 1,959 | - | 1,959 | - |
| 3 | Naimat Basal Oil & Gas Securitization Company Limited | 2 | - | 2 | - |
| 4 | Pakistan Telecommunication Limited (PTC) / BEL | 753 | - | 753 | - |
| | Sub-total | 10,839 | - | 10,839 | 0.02 |
| | Less : Provision for impairment loss | (10,839) | - | (10,839) | (0.02) |
| | | - | - | - | - |
| | Total | 75,464 | - | 75,464 | 0.16 |
| | Less: Provision for impairment | (75,464) | - | (75,464) | (0.16) |
| | Grand Total | - | - | - | - |

NATIONAL INVESTMENT (UNIT) TRUST
PERFORMANCE TABLE
LAST 3 YEARS

| | | JUNE 14 | JUNE 13 | JUNE 12 |
|--|----------------|------------|------------|------------|
| Total Net Asset Value Ex-Dividend | (Rs. In 000's) | 59,902,173 | 43,115,182 | 36,689,776 |
| Net Asset Value per Unit Ex-dividend | (Rs./unit) | 56.59 | 38.66 | 26.77 |
| Last Issue Price per Unit * | (Rs./unit) | 62.55 | 43.70 | 31.20 |
| Last Repurchase Price per Unit * | (Rs./unit) | 60.69 | 42.41 | 30.26 |
| Highest Issue Price During the year | (Rs./unit) | 64.70 | 45.55 | 32.85 |
| Lowest Issue Price During the year | (Rs./unit) | 41.20 | 28.30 | 26.35 |
| Highest Repurchase Price During the year | (Rs./unit) | 62.79 | 44.20 | 31.88 |
| Lowest Repurchase Price During the year | (Rs./unit) | 39.98 | 27.45 | 25.57 |
| Total Return of the Fund | % | 56.98 | 58.42 | 7.57 |
| Capital Growth | % | 46.37 | 44.41 | (4.87) |
| Income Distribution | % | 10.61 | 14.01 | 12.44 |
| Distribution per Unit (Final) | (Rs./unit) | - | 3.75 | 3.50 |
| Distribution per Unit (Interim) | (Rs./unit) | 4.10 | - | - |
| Distribution Date | | 30-Jun-14 | 4-Jul-13 | 5-Jul-12 |
| KSE 100 Index Return | | 41.17 | 52.20 | 10.44 |
| Average Annual Return | | | | |
| One Year | % | 56.98 | 58.42 | 7.57 |
| Two Years | % | 57.70 | 33.00 | 15.79 |
| Three Years | % | 40.99 | 30.00 | 16.50 |

Note: All investments in Mutual Funds and securities are subject to Market Risks. Our target return/dividend range can not be guaranteed. NIT's unit price is neither guaranteed nor administered/managed. It is based on Net Asset Value (NAV) and the NAV of NIT units may go up or down depending upon the factors and forces affecting the stock market. Past performance is not indicative of future returns.

* These are cum-dividend prices of 30th June.