

## NIT - STATE ENTERPRISE FUND AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### TRUSTEE REPORT TO THE UNIT HOLDERS

#### NIT - STATE ENTERPRISE FUND

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

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

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

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

Karachi: February 11, 2014

#### INTRODUCTION

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

#### SCOPE OF REVIEW

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

#### CONCLUSION

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

#### OTHER MATTERS

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

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

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

## NIT - STATE ENTERPRISE FUND

### CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2013

|   | Note | 31 December<br>2013<br>Unaudited | 30 June<br>2013<br>Audited |
|---|------|----------------------------------|----------------------------|
| (Rupees in '000)  |      |                                  |                            |
| <b>Assets</b>   |      |                                  |                            |
| Bank balances   | 6    | 1,014,965                        | 633,012                    |
| Investments   | 7    | 16,214,939                       | 17,305,621                 |
| Dividend and profit receivable                                      |      | 49,860                           | 49,743                     |
| Preliminary expenses and flotation cost                             |      | 8                                | 107                        |
| <b>Total assets</b>   |      | <u>17,279,772</u>                | <u>17,988,483</u>          |
| <b>Liabilities</b>  |      |                                  |                            |
| Payable to National Investment Trust Limited - Management Company   |      | 36,045                           | 37,359                     |
| Payable to Central Depository Company of Pakistan Limited - Trustee |      | 469                              | 498                        |
| Payable to Securities and Exchange Commission of Pakistan           |      | 8,429                            | 19,288                     |
| Payable against purchase of investments                             |      | 1,523                            | 1,510                      |
| Accrued expenses and other liabilities                              | 8    | 312,049                          | 240,815                    |
| <b>Total liabilities</b>  |      | <u>358,515</u>                   | <u>299,470</u>             |
| <b>Net assets</b>   |      | <u>16,921,257</u>                | <u>17,689,013</u>          |
| <b>Unit holders' fund (as per statement attached)</b>               |      | <u>16,921,257</u>                | <u>17,689,013</u>          |
| <b>Contingencies and commitments</b>                                |      |                                  |                            |
|   | 9    |                                  |                            |
| <b>Number of units</b>  |      |                                  |                            |
| <b>Number of units in issue</b>                                     |      | <u>126,763,672</u>               | <u>148,278,003</u>         |
| (Rupees)  |      |                                  |                            |
| <b>Net assets value per unit</b>                                    |      | <u>133.49</u>                    | <u>119.30</u>              |

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

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

## NIT - STATE ENTERPRISE FUND

### CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

|   | Note | Six months period ended<br>2013 | 2012             | Three months period ended<br>2013 | 2012           |
|---|------|---------------------------------|------------------|-----------------------------------|----------------|
| (Rupees in '000)  |      |                                 |                  |                                   |                |
| <b>Income</b>   |      |                                 |                  |                                   |                |
| Dividend income   |      | 249,968                         | 338,768          | 107,629                           | 95,941         |
| Capital gains on sale of investments - net  |      | 2,641,509                       | 1,446,674        | 1,310,765                         | 772,971        |
| Income from government securities   |      | 49,790                          | 96,963           | 28,970                            | 45,350         |
| Profit on bank deposits   |      | 65,959                          | 51,629           | 33,132                            | 28,217         |
| <b>Total income</b>   |      | <u>3,007,226</u>                | <u>1,934,034</u> | <u>1,480,496</u>                  | <u>942,479</u> |
| <b>Expenses</b>   |      |                                 |                  |                                   |                |
| Remuneration of National Investment Trust Limited - Management Company  |      | 177,560                         | 162,434          | 85,961                            | 81,426         |
| Sindh Sales Tax on remuneration of Management Company   |      | 33,424                          | 25,990           | 15,954                            | 13,029         |
| Federal Excise Duty on Management Company's remuneration  |      | 31,340                          | -                | 13,754                            | -              |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee  |      | 2,813                           | 3,406            | 1,364                             | 1,702          |
| Annual fee - Securities and Exchange Commission of Pakistan   |      | 8,429                           | 10,301           | 4,079                             | 5,151          |
| Custodian charges of Central Depository Company of Pakistan Limited   |      | 182                             | 41               | 86                                | 26             |
| Settlement and bank charges   |      | 247                             | 225              | 122                               | 98             |
| Amortisation of formation costs   |      | 100                             | 100              | 50                                | 50             |
| Auditors' remuneration  |      | 224                             | 197              | 173                               | 165            |
| Printing and stationery expenses  |      | 50                              | 50               | 25                                | 25             |
| Legal and professional charges  |      | 75                              | 62               | -                                 | 62             |
| Mutual Fund Rating Fee  |      | 165                             | -                | 165                               | -              |
| <b>Total expenses</b>   |      | <u>254,609</u>                  | <u>202,806</u>   | <u>121,733</u>                    | <u>101,734</u> |
| <b>Net income from operating activities</b>   |      | <u>2,752,617</u>                | <u>1,731,228</u> | <u>1,358,763</u>                  | <u>840,745</u> |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net | 4    | (98,255)                        | (885,777)        | (80,449)                          | (544,167)      |
| Provision for Workers' Welfare Fund   | 10   | 53,087                          | 16,909           | 25,566                            | 5,931          |
| <b>Net income for the period before taxation</b>  |      | <u>2,601,275</u>                | <u>828,542</u>   | <u>1,252,748</u>                  | <u>290,647</u> |

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

|  | Note | Six months period ended |                | Three months period ended |                |
|--|------|-------------------------|----------------|---------------------------|----------------|
|  |      | 2013                    | 2012           | 2013                      | 2012           |
| (Rupees in '000)   |      |                         |                |                           |                |
| Taxation   | 11   | -                       | -              | -                         | -              |
| <b>Net income for the period after taxation</b>          |      | <u>2,601,275</u>        | <u>828,542</u> | <u>1,252,748</u>          | <u>290,647</u> |
| <b>Earnings per unit - basic and diluted (in Rupees)</b> | 12   | <u>18.64</u>            | <u>3.60</u>    | <u>9.29</u>               | <u>1.31</u>    |

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

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

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

|   | Note | Six months period ended |                  | Three months period ended |                |
|---|------|-------------------------|------------------|---------------------------|----------------|
|   |      | 2013                    | 2012             | 2013                      | 2012           |
| (Rupees in '000)  |      |                         |                  |                           |                |
| Net income for the period after taxation  |      | 2,601,275               | 828,542          | 1,252,748                 | 290,647        |
| <b>Other comprehensive income for the period</b>  |      |                         |                  |                           |                |
| Items to be reclassified to income statement in subsequent periods:                             |      |                         |                  |                           |                |
| Net unrealised appreciation on re-measurement of investments classified as 'available for sale' | 7.3  | 274,332                 | 1,626,734        | 605,940                   | 80,782         |
| <b>Total comprehensive income for the period</b>  |      | <u>2,875,607</u>        | <u>2,455,276</u> | <u>1,858,688</u>          | <u>371,429</u> |

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For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

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

|  | Note | 2013<br>(Rupees in '000) | 2012<br>(Rupees in '000) |
|--|------|--------------------------|--------------------------|
| <b>Undistributed income brought forward comprising:</b>  |      |                          |                          |
| Realised income  |      | 1,513,371                | 1,639,381                |
| Unrealised income  |      | -                        | -                        |
|  |      | <u>1,513,371</u>         | <u>1,639,381</u>         |
| Final distribution through issue of bonus units for the year ended<br>30 June 2013: Rs 6.46 per unit (2012: 4.65 per unit)       |      | (957,876)                | (1,084,376)              |
| Element of income / (loss) and capital gains / (losses) included in<br>prices of units issued less those in units redeemed - net | 4    | (257,810)                | -                        |
| Net income for the period after taxation   |      | 2,601,275                | 828,542                  |
| <b>Undistributed income carried forward</b>  |      | <u><b>2,898,960</b></u>  | <u><b>1,383,547</b></u>  |
| <b>Undistributed income comprising:</b>  |      |                          |                          |
| Realised income  |      | 2,898,960                | 1,383,547                |
| Unrealised income  |      | -                        | -                        |
|  |      | <u>2,898,960</u>         | <u>1,383,547</u>         |

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

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

**NIT - STATE ENTERPRISE FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT**  
**IN UNIT HOLDERS' FUND (UNAUDITED)**  
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

|   | Note | 2013<br>(Rupees in '000) | 2012<br>(Rupees in '000) |
|---|------|--------------------------|--------------------------|
| <b>Net assets at beginning of the period</b>  |      | 17,689,013               | 20,829,519               |
| Issue of Nil units (2012: 5,623,032 units)  |      | -                        | 500,000                  |
| Redemption of 30,003,128 units (2012: 36,050,440 units)   |      | (3,741,618)              | (3,351,169)              |
|   |      | <u>(3,741,618)</u>       | <u>(2,851,169)</u>       |
| Issue of 8,488,797 bonus units (2012: 12,807,087 units)<br>for the six months period ended 31 December 2013   |      | 957,876                  | 1,084,376                |
|   |      | <u>14,905,271</u>        | <u>19,062,726</u>        |
| Element of (income) / loss and capital (gains) / losses included<br>in prices of units issued less those in units redeemed - net<br>- transferred to condensed interim income statement |      | 98,255                   | 885,777                  |
| Net unrealised appreciation on re-measurement of investments<br>classified as 'available for sale'  | 7.3  | 274,332                  | 1,626,734                |
| Capital gains on sale of investments - net  |      | 2,641,509                | 1,446,674                |
| Other net loss for the period after taxation  |      | (40,234)                 | (618,132)                |
| Final distribution through issue of bonus units for the year ended<br>30 June 2013: Rs 6.46 per unit (2012: Rs 4.65 per unit)   |      | (957,876)                | (1,084,376)              |
|   |      | <u>1,643,399</u>         | <u>(255,834)</u>         |
| <b>Net assets at end of the period</b>  |      | <u><b>16,921,257</b></u> | <u><b>21,319,403</b></u> |

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

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

## NIT - STATE ENTERPRISE FUND

### CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

|   | Note | 2013<br>(Rupees in '000) | 2012        |
|---|------|--------------------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |      |                          |             |
| Net income for the period before taxation   |      | 2,601,275                | 828,542     |
| <b>Adjustments:</b>   |      |                          |             |
| Dividend income   |      | (249,968)                | (338,768)   |
| Profit on bank deposits   |      | (65,959)                 | (51,629)    |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net |      | 98,255                   | 885,777     |
| Amortisation of formation cost  |      | 100                      | 100         |
|   |      | 2,383,703                | 1,324,022   |
| <b>Decrease / (increase) in assets</b>  |      |                          |             |
| Investments   |      | 1,365,014                | 1,038,369   |
| Receivable against sale of investments  |      | -                        | (63,089)    |
|   |      | 1,365,014                | 975,280     |
| <b>Increase / (decrease) in liabilities</b>   |      |                          |             |
| Payable to National Investment Trust Limited - Management Company   |      | (1,314)                  | 1,779       |
| Payable to Central Depository Company of Pakistan Limited - Trustee   |      | (29)                     | 38          |
| Payable to Securities and Exchange Commission of Pakistan   |      | (10,859)                 | (12,176)    |
| Payable against purchase of investments   |      | 13                       | (14,153)    |
| Accrued expenses and other liabilities  |      | 71,234                   | 16,753      |
|   |      | 59,045                   | (7,759)     |
| Profit received on bank deposits  |      | 63,174                   | 58,932      |
| Dividend received   |      | 252,636                  | 366,638     |
| <b>Net cash generated from operating activities</b>   |      | 4,123,571                | 2,717,113   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |      |                          |             |
| Net payments against redemption of units - net cash (used in) financing activities  |      | (3,741,618)              | (2,851,169) |
| <b>Net increase / (decrease) in cash and cash equivalents during the period</b>   |      | 381,953                  | (134,056)   |
| Cash and cash equivalents at beginning of the period  |      | 633,012                  | 1,087,449   |
| <b>Cash and cash equivalents at end of the period</b>   | 6    | 1,014,965                | 953,393     |

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

For National Investment Trust Limited  
(Management Company)

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

## NIT - STATE ENTERPRISE FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NIT - State Enterprise Fund (the Fund) was established under a Trust deed executed between National Investment Trust Limited (NITL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) on 22 October 2008 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the trust deed was executed on 24 October 2008. The constitutive document of the Fund is yet to be amended by the Management Company to categorise the Fund in accordance with the requirements of Circular 7 of 2009 dated 6 March 2009.
- 1.2 The Management Company of the Fund has been classified as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 6th floor, National Bank of Pakistan Building I.I. Chundrigar Road, Karachi.
- 1.3 The Fund is an open-ended mutual fund. Initially the units were offered to the core investors at Rs. 50 per unit which is the Management Company. Currently, all units of the Fund are owned by the Management Company. At a later stage the units of the Fund will be offered to all the investors after approval of offering document from Commission. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 Pakistan Credit Rating Agency Limited (PACRA) has assigned "1-star" rating based on the performance during the twelve months ended 30 June 2013 and "1-star" long term rating based on the performance during the thirty six months ended 30 June 2013. PACRA has assigned an asset manager rating of "AM2-" to the Management Company.
- 1.5 The core objective of the Fund is to take advantage of market conditions, creating an opportunity for investors to achieve superior returns in the long run by acquiring a selection of equity securities of the Eligible Stocks and write Put Options in favour of foreign investors and / or local investors as may be allowed by the Securities and Exchange Commission of Pakistan, on the guarantee of the Government of Pakistan. The Eligible Securities comprise of the following companies:
- National Bank of Pakistan Limited
  - Kot Addu Power Company Limited
  - Pakistan State Oil Company Limited
  - Oil and Gas Development Company Limited
  - Pakistan Petroleum Limited
  - Sui Southern Gas Company Limited
  - Sui Northern Gas Pipelines Limited
  - Pakistan Telecommunication Company Limited

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

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

# NIT - STATE ENTERPRISE FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION (UNAUDITED)

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

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

2.3 This condensed interim financial information is being submitted to the unit holder as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

#### 2.4 Functional and presentation currency

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

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

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

### 4 ESTIMATES AND JUDGEMENTS

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

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

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

The revised methodology, in the opinion of management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund and Net income from the operating activities. Had the management not changed its methodology the income for the period would have decreased by Rs. 1.577 billion.

### 5 FINANCIAL RISK MANAGEMENT

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

# NIT - STATE ENTERPRISE FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION (UNAUDITED)

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

| 6 BANK BALANCES     | 31 December      | 30 June        |
|---------------------|------------------|----------------|
|                     | 2013             | 2013           |
|                     | Unaudited        | Audited        |
|                     | (Rupees in '000) |                |
| In current accounts | 5,201            | 2,092          |
| In saving accounts  | 1,009,764        | 630,920        |
|                     | <u>1,014,965</u> | <u>633,012</u> |

6.1 These accounts carry a rate of return ranging from 6% to 9.5% per annum (30 June 2013: 6% to 12% per annum).

### 7 INVESTMENTS

#### Available for sale

|   |     |                   |                   |
|---|-----|-------------------|-------------------|
| Government securities - Market Treasury Bills | 7.1 | 2,047,698         | 1,976,912         |
| Equity securities - listed                    | 7.2 | 14,167,241        | 15,328,709        |
|   |     | <u>16,214,939</u> | <u>17,305,621</u> |

#### 7.1 Government Securities - Market Treasury Bills

| Issue date                   | Tenor     | Face value         |                             |                                  |                        | Balance as at    |                  | Market value as a percentage of net assets | Market value as a percentage of investments |
|------------------------------|-----------|--------------------|-----------------------------|----------------------------------|------------------------|------------------|------------------|--|---|
|                              |           | As at 01 July 2013 | Purchases during the period | Sales/ matured during the period | As at 31 December 2013 | 31 December 2013 |                  |  |   |
|                              |           |                    |                             |                                  |                        | Carrying value   | Market value     |  |   |
| (Rupees in '000)             |           |                    |                             |                                  |                        |                  |                  |  |   |
| (%)                          |           |                    |                             |                                  |                        |                  |                  |  |   |
| <b>Market Treasury Bills</b> |           |                    |                             |                                  |                        |                  |                  |  |   |
| 18 April 2013                | 03 Months | 500,000            | -                           | 500,000                          | -                      | -                | -                | -  | -   |
| 02 May 2013                  | 03 Months | 1,110,000          | -                           | 1,110,000                        | -                      | -                | -                | -  | -   |
| 13 June 2013                 | 03 Months | 250,000            | -                           | 250,000                          | -                      | -                | -                | -  | -   |
| 12 July 2013                 | 03 Months | -                  | 250,000                     | 250,000                          | -                      | -                | -                | -  | -   |
| 07 August 2013               | 03 Months | -                  | 577,000                     | 577,000                          | -                      | -                | -                | -  | -   |
| 19 September 2013            | 03 Months | -                  | 1,000,000                   | 1,000,000                        | -                      | -                | -                | -  | -   |
| 03 October 2013              | 03 Months | -                  | 250,000                     | 250,000                          | -                      | -                | -                | -  | -   |
| 21 October 2014              | 03 Months | -                  | 328,600                     | -                                | 328,600                | 327,886          | 327,774          | 1.94                                       | 2.02  |
| 28 November 2013             | 03 Months | -                  | 500,000                     | -                                | 500,000                | 493,408          | 493,001          | 2.91                                       | 3.04  |
| 12 December 2013             | 03 Months | -                  | 1,000,000                   | -                                | 1,000,000              | 983,086          | 982,283          | 5.81                                       | 6.06  |
| 26 December 2013             | 03 Months | -                  | 250,000                     | -                                | 250,000                | 244,823          | 244,640          | 1.45                                       | 1.51  |
| 26 July 2012                 | 12 Months | 130,000            | -                           | 130,000                          | -                      | -                | -                | -  | -   |
|                              |           | <u>1,990,000</u>   | <u>4,155,600</u>            | <u>4,067,000</u>                 | <u>2,078,600</u>       | <u>2,049,203</u> | <u>2,047,698</u> | <u>12.11</u>                               | <u>12.63</u>                                |



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**7.2 Shares of listed companies - Fully paid up ordinary shares of Rs 10 each unless otherwise stated**

| Name of Investee Company                | Number of shares    |                            |                               |                                   |                                  |                        | Balance as at Decemehr 31, 2013 |                  | % age of Net Assets | Market Value as %age of investment | Investee Co. Paid-up Capital |              |
|---|---------------------|----------------------------|-------------------------------|-----------------------------------|----------------------------------|------------------------|---------------------------------|------------------|---------------------|------------------------------------|------------------------------|--------------|
|   | As at July 01, 2013 | Purchase during the period | Bonus Issue during the period | Right/New Issue during the period | Merger/ Demerger Adjust. Effects | Sale during the period | As at December 31, 2013         | Carrying Value   |                     |                                    |                              | Market Value |
| <b>OIL &amp; GAS</b>                    |                     |                            |                               |                                   |                                  |                        |                                 |                  |                     |                                    |                              |              |
| OIL & GAS DEVELOPMENT CO.               | 23,055,872          | 41,700                     | -                             | -                                 | -                                | 3,952,900              | 19,144,672                      | 952,665          | 5,290,822           | 31.27                              | 32.63                        | 0.45         |
| PAKISTAN PETROLEUM LTD.                 | 12,931,233          | 245,300                    | 2,207,346                     | -                                 | -                                | 4,720,500              | 10,663,379                      | 847,756          | 2,281,537           | 13.48                              | 14.07                        | 0.65         |
| PAKISTAN STATE OIL CO. LTD.             | 6,788,687           | 150,000                    | -                             | -                                 | -                                | 2,540,300              | 4,398,387                       | 549,270          | 1,461,232           | 8.64                               | 9.01                         | 1.78         |
|   | <b>42,775,792</b>   | <b>437,000</b>             | <b>2,207,346</b>              | <b>-</b>                          | <b>-</b>                         | <b>11,213,700</b>      | <b>34,206,438</b>               | <b>2,349,690</b> | <b>9,033,590</b>    | <b>53.39</b>                       | <b>55.71</b>                 |              |
| <b>FIXED LINE TELECOMMUNICATION</b>     |                     |                            |                               |                                   |                                  |                        |                                 |                  |                     |                                    |                              |              |
| PAKISTAN TELECOMMUNICATION COMPANY LTD. | 25,733,603          | 550,000                    | -                             | -                                 | -                                | 12,687,000             | 13,596,603                      | 149,699          | 386,687             | 2.29                               | 2.38                         | 0.36         |
|   | <b>25,733,603</b>   | <b>550,000</b>             | <b>-</b>                      | <b>-</b>                          | <b>-</b>                         | <b>12,687,000</b>      | <b>13,596,603</b>               | <b>149,699</b>   | <b>386,687</b>      | <b>2.29</b>                        | <b>2.38</b>                  |              |
| <b>ELECTRICITY</b>                      |                     |                            |                               |                                   |                                  |                        |                                 |                  |                     |                                    |                              |              |
| KOT ADDU POWER CO.LTD.                  | 12,991,784          | 376,000                    | -                             | -                                 | -                                | 1,125,000              | 12,242,784                      | 462,459          | 755,992             | 4.47                               | 4.66                         | 1.39         |
|   | <b>12,991,784</b>   | <b>376,000</b>             | <b>-</b>                      | <b>-</b>                          | <b>-</b>                         | <b>1,125,000</b>       | <b>12,242,784</b>               | <b>462,459</b>   | <b>755,992</b>      | <b>4.47</b>                        | <b>4.66</b>                  |              |
| <b>GAS WATER AND MULTIUTILITIES</b>     |                     |                            |                               |                                   |                                  |                        |                                 |                  |                     |                                    |                              |              |
| SUI NORTHERN GAS PIPELINES LTD.         | 25,745,067          | -                          | -                             | -                                 | -                                | 2,175,500              | 23,569,567                      | 339,555          | 502,032             | 2.97                               | 3.10                         | 3.72         |
| SUI SOUTHERN GAS CO. LTD.               | 58,476,700          | -                          | -                             | -                                 | -                                | 10,513,500             | 47,963,200                      | 590,164          | 1,153,995           | 6.82                               | 7.12                         | 5.44         |
|   | <b>84,221,767</b>   | <b>-</b>                   | <b>-</b>                      | <b>-</b>                          | <b>-</b>                         | <b>12,689,000</b>      | <b>71,532,767</b>               | <b>929,718</b>   | <b>1,656,026</b>    | <b>9.79</b>                        | <b>10.21</b>                 |              |
| <b>BANKS</b>                            |                     |                            |                               |                                   |                                  |                        |                                 |                  |                     |                                    |                              |              |
| NATIONAL BANK OF PAKISTAN               | 51,334,078          | 752,000                    | -                             | -                                 | -                                | 11,870,000             | 40,216,078                      | 1,237,628        | 2,334,945           | 13.80                              | 14.40                        | 1.89         |
|   | <b>51,334,078</b>   | <b>752,000</b>             | <b>-</b>                      | <b>-</b>                          | <b>-</b>                         | <b>11,870,000</b>      | <b>40,216,078</b>               | <b>1,237,628</b> | <b>2,334,945</b>    | <b>13.80</b>                       | <b>14.40</b>                 |              |
|   | <b>217,057,024</b>  | <b>2,115,000</b>           | <b>2,207,346</b>              | <b>-</b>                          | <b>-</b>                         | <b>49,584,700</b>      | <b>171,794,670</b>              | <b>5,129,194</b> | <b>14,167,241</b>   | <b>83.73</b>                       | <b>87.37</b>                 |              |

Investments include securities with market value aggregating to Rs 1,468.360 million (30 June 2013: Rs 1,404.580 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

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

|   | 31 December 2013 | 30 June 2013 |
|---|------------------|--------------|
|   | Unaudited        | Audited      |
|   | (Rupees in '000) |              |
| Market value of investments   | 16,214,939       | 17,305,621   |
| Less: Carrying value - net of impairment  | 7,178,397        | 8,543,411    |
|   | 9,036,542        | 8,762,210    |
| Less: Net unrealised appreciation on remeasurement of investments at the beginning of the period / year | 8,762,210        | 7,530,648    |
| Net unrealised appreciation during the period / year  | 274,332          | 1,231,562    |

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**8 ACCRUED EXPENSES AND OTHER LIABILITIES**

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Provision for Workers' Welfare Fund | 293,465        | 240,378        |
| Federal Excise Duty Payable         | 18,306         | -              |
| Auditors' remuneration              | 173            | 347            |
| Printing charges payable            | 25             | 25             |
| Others                              | 80             | 65             |
|                                     | <b>312,049</b> | <b>240,815</b> |

**9 CONTINGENCIES AND COMMITMENTS**

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

**10 WORKERS' WELFARE FUND**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on 14 December 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) in various 293,465 Constitutional Petitions declared that amendments introduced in the WWF Ordinance, 1971 through Finance Act 2006 and 2008 respectively do not suffer from any constitutional or 2.32 legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the six months period ended 31 December 2013. As at 31 December 2013 the management has maintained provision against Workers' Welfare Funds' amounting to Rs. 293.465 million, if the same were not made the net assets value per unit of the Fund would have been higher by Rs. 2.32.

**11 TAXATION**

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

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|  | Six months period ended      |             | Three months period ended |             |
|--|------------------------------|-------------|---------------------------|-------------|
|  | 2013                         | 2012        | 2013                      | 2012        |
|  | ----- Unaudited -----        |             |                           |             |
|  | ----- (Rupees in '000) ----- |             |                           |             |
| <b>12 EARNINGS PER UNIT</b>                  |                              |             |                           |             |
| Net income for the period after taxation     | 2,601,275                    | 828,542     | 1,252,748                 | 290,647     |
|  | ----- Number of units -----  |             |                           |             |
| Weighted average number of units outstanding | 139,537,921                  | 230,118,682 | 134,847,159               | 222,700,571 |
|  | ----- (Rupees) -----         |             |                           |             |
| <b>Earnings per unit - basic and diluted</b> | <b>18.64</b>                 | <b>3.60</b> | <b>9.29</b>               | <b>1.31</b> |

**13 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

- 13.1** Connected persons include National Investment Trust Limited, other collective investment schemes managed by the Management Company and directors and officers of the Management Company and the Trustee.
- 13.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 13.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 13.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.
- 13.5** Details of the transactions with connected persons are as follows:

|  | Six months period ended      |           | Three months period ended |           |
|--|------------------------------|-----------|---------------------------|-----------|
|  | 2013                         | 2012      | 2013                      | 2012      |
|  | ----- Unaudited -----        |           |                           |           |
|  | ----- (Rupees in '000) ----- |           |                           |           |
| <b>National Investment Trust Limited - Management Company</b>                              |                              |           |                           |           |
| Investment made by the sponsor in the Fund<br>[Issue of Nil units (2012: 5,623,032 units)] | -                            | 500,000   | -                         | -         |
| Issue of 8,488,797 bonus units (2012: 12,807,087 units)                                    | 957,876                      | 1,084,376 | -                         | -         |
| Redemption of 30,003,128 units (2012: 36,050,440 units)                                    | 3,741,618                    | 3,351,169 | 1,514,931                 | 1,129,167 |
| Management fee expense for the period  | 177,560                      | 162,434   | 85,961                    | 81,426    |
| Sindh Sales Tax on Management Fee  | 33,424                       | 25,990    | 15,954                    | 13,029    |
| Federal Excise Duty on Management Company's remuneration                                   | 31,340                       | -         | 13,754                    | -         |
| Gain on redemption of units  | 2,276,569                    | 1,499,910 | 2,276,569                 | 1,499,910 |

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|   | Six months period ended      |       | Three months period ended |                     |
|---|------------------------------|-------|---------------------------|---------------------|
|   | 2013                         | 2012  | 2013                      | 2012                |
|   | ----- Unaudited -----        |       |                           |                     |
|   | ----- (Rupees in '000) ----- |       |                           |                     |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                              |       |                           |                     |
| Remuneration  | 2,813                        | 3,406 | 1,364                     | 1,702               |
| Custodian charges   | 182                          | 41    | 86                        | 26                  |
|   |                              |       | <b>31 December 2013</b>   | <b>30 June 2013</b> |
|   |                              |       | <b>Unaudited</b>          | <b>Audited</b>      |
|   |                              |       | <b>(Rupees in '000)</b>   |                     |

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

|  |            |            |
|--|------------|------------|
| <b>National Investment Trust Limited - Management Company</b>  |            |            |
| Investment held by the Sponsor in the Fund<br>[Units held 126,763,672 (30 June 2013: 148,278,003 units)] | 16,921,257 | 17,689,013 |
| Management Fee Payable   | 35,045     | 36,359     |
| Formation cost payable   | 1,000      | 1,000      |
| Federal Excise Duty Payable  | 18,306     | -          |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>  |            |            |
| Remuneration payable   | 469        | 496        |
| Custodian charges payable  | 38         | 2          |
| <b>Others</b>  |            |            |
| Shares of National Bank of Pakistan<br>[Shares held 40,216,078 (30 June 2013: 51,334,078 shares)]        | 2,334,945  | 2,110,857  |

**14 DATE OF AUTHORISATION FOR ISSUE**

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

|                          |   |                 |
|--------------------------|---|-----------------|
|                          | <b>For National Investment Trust Limited<br/>(Management Company)</b> |                 |
| <b>Sd/-</b>              | <b>Sd/-</b>   | <b>Sd/-</b>     |
| <b>Managing Director</b> | <b>Director</b>   | <b>Director</b> |