

NIT - GOVERNMENT BOND FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT MARCH 31, 2014

| | Note | March 31, 2014 (Unaudited) | 30 June 2013 (Audited) |
|---|------|----------------------------------|------------------------------|
| ----- Rupees in '000 ----- | | | |
| Assets | | | |
| Bank balances | 6 | 38,069 | 20,909 |
| Investments | 7 | 4,164,051 | 4,790,464 |
| Profit receivable | | 44,971 | 24,183 |
| Security deposits | | 100 | 100 |
| Preliminary expenses and floatation costs | | 483 | 1,038 |
| Receivable Against Sale Of Units | | 3,994 | - |
| Total assets | | 4,251,668 | 4,836,694 |
| Liabilities | | | |
| Payable to National Investment Trust Limited - Management Company | | 9,279 | 9,925 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 331 | 361 |
| Payable to Securities and Exchange Commission of Pakistan | | 2,437 | 3,091 |
| Accrued expenses and other liabilities | 8 | 34,846 | 26,153 |
| Payable against redemption of units | | 93 | 1,111 |
| Total liabilities | | 46,986 | 40,641 |
| Net Assets | | 4,204,682 | 4,796,053 |
| Unit holders' fund (as per statement attached) | | 4,204,682 | 4,796,053 |
| Contingencies and commitments | 9 | | |
| | | (Number of units) | |
| Number of units in issue | | 394,473,328 | 437,451,083 |
| | | (Rupees) | |
| Net assets value per unit | | 10.6590 | 10.9636 |

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 - GOVERNMENT BOND FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

| Note | Nine months ended March 31, | | Quarter ended March 31, | | |
|--|--------------------------------|----------------|----------------------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | |
| | ----- Rupees in '000 ----- | | | | |
| Income | | | | | |
| Income from government securities | 272,230 | 245,071 | 86,619 | 100,978 | |
| Profit on bank deposits | 9,963 | 5,243 | 3,358 | 2,968 | |
| Mark-up on fixed income securities | 18,264 | 54,391 | 9,456 | 9,217 | |
| Income from reverse repurchase transactions | 366 | - | - | - | |
| Capital gain / (loss) on sale of investments - net | 2,345 | 1,797 | 156 | 1,710 | |
| Total income | 303,168 | 306,502 | 99,589 | 114,873 | |
| Expenses | | | | | |
| Remuneration of National Investment Trust Limited - Management Company | 40,629 | 36,332 | 12,898 | 14,667 | |
| Sindh Sales Tax on remuneration to Management Company | 7,590 | 5,813 | 2,365 | 2,345 | |
| Federal Excise Duty on remuneration to Management Company | 6,954 | - | 2,039 | - | |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 3,007 | 2,743 | 959 | 1,065 | |
| Annual fee - Securities and Exchange Commission of Pakistan | 2,437 | 2,178 | 773 | 879 | |
| Amortisation of preliminary expenses and floatation costs | 556 | 561 | 180 | 185 | |
| Securities transaction costs | 126 | 140 | 32 | 47 | |
| Auditors' remuneration | 231 | 208 | 27 | 35 | |
| Settlement and bank charges | 211 | 154 | 54 | 59 | |
| Listing fee | 120 | 60 | - | - | |
| Printing charges | 75 | 75 | 25 | 25 | |
| Rating Fee | 182 | - | 182 | - | |
| Other charges | - | 165 | - | 90 | |
| Total expenses | 62,118 | 48,429 | 19,534 | 19,397 | |
| Net income from operating activities | 241,050 | 258,073 | 80,055 | 95,476 | |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net | 4 | (13,742) | 52,413 | (3,496) | 13,901 |
| Provision for Workers' Welfare Fund | 10 | (4,546) | (6,209) | (1,531) | (2,186) |
| Net income for the period before taxation | 222,762 | 304,277 | 75,028 | 107,191 | |
| Taxation | 11 | - | - | - | - |
| Net income for the period after taxation | 222,762 | 304,277 | 75,028 | 107,191 | |
| Earnings per unit - basic and diluted (in Rupees) | 12 | 0.5313 | 0.8145 | 0.1885 | 0.2387 |

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 - GOVERNMENT BOND FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

| Note | Nine months ended March 31, | | Quarter ended March 31, | | |
|---|--------------------------------|----------------|----------------------------|----------------|--------|
| | 2014 | 2013 | 2014 | 2013 | |
| | ----- Rupees in '000 ----- | | | | |
| Net income for the period after taxation | 222,762 | 304,277 | 75,028 | 107,191 | |
| Other comprehensive income for the period | | | | | |
| Items to be reclassified to income statement in subsequent periods: | | | | | |
| Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale' | 7.2 | 2,471 | 37,300 | 19,117 | 16,034 |
| Total comprehensive income for the period | 225,233 | 341,577 | 94,145 | 123,225 | |

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 - GOVERNMENT BOND FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

| Note | Nine months ended March 31, | |
|---|--------------------------------|------------------|
| | 2014 | 2013 |
| | ----- Rupees in '000 ----- | |
| Undistributed income brought forward comprising: | | |
| Realised income | 412,981 | 342,622 |
| Unrealised income | - | - |
| | <u>412,981</u> | <u>342,622</u> |
| Final distribution for the year ended 30 June 2013: Rs 0.8803 per unit (2012: Rs 1.1094 per unit) | | |
| - Cash distribution | (39,043) | (47,453) |
| - Units under cumulative investment plan | (435) | (733) |
| - Bonus units | (345,611) | (266,601) |
| | <u>(385,089)</u> | <u>(314,787)</u> |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net | 4 | 1,929 |
| | | - |
| Net income for the period after taxation | 222,762 | 304,277 |
| Undistributed income carried forward | <u>252,583</u> | <u>332,112</u> |
| Undistributed income comprising of: | | |
| Realised income | 252,583 | 332,112 |
| Unrealised income | - | - |
| | <u>252,583</u> | <u>332,112</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 - GOVERNMENT BOND FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUND (UNAUDITED)
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

| Note | Nine months ended March 31, | |
|---|--------------------------------|------------------|
| | 2014 | 2013 |
| | ----- Rupees in '000 ----- | |
| Net assets at beginning of the period | 4,796,053 | 3,144,560 |
| Issue of 122,654,221 units (2013: 418,149,114 units) for the nine month period ended 31 March 2014 | 1,263,898 | 4,384,505 |
| Redemption of 199,950,675 units (2013: 280,112,999 units) for the nine months period ended 31 March 2014 | (2,055,201) | (2,951,004) |
| | (791,303) | 1,433,501 |
| Issue of 34,275,592 units (2013: 26,732,581) as bonus units for the nine months period ended 31 March 2014 | 345,611 | 266,601 |
| Issue of 43,107 units (2013: 73,498) under cumulative investment plan for the nine months period ended 31 March 2014 | 435 | 733 |
| | <u>4,350,796</u> | <u>4,845,395</u> |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net - transferred to condensed interim income statement | 13,742 | (52,413) |
| Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale' | 7.2 | 2,471 |
| | | 37,300 |
| Capital gain on sale of investments - net | 2,345 | 1,797 |
| Other net income for the period | 220,417 | 302,480 |
| Final distribution for the year ended 30 June 2013: Rs 0.8803 per unit (2012: Rs 1.1094) | | |
| - Cash distribution | (39,043) | (47,453) |
| - Units under cumulative investment plan | (435) | (733) |
| - Bonus units | (345,611) | (266,601) |
| | <u>(162,327)</u> | <u>(10,510)</u> |
| Net assets at end of the period | <u>4,204,682</u> | <u>4,819,772</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 - GOVERNMENT BOND FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

| Note | Nine months ended March 31, | |
|---|--------------------------------|-------------|
| | 2014 | 2013 |
| | ----- Rupees in '000 ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period before taxation | 222,762 | 304,277 |
| Adjustments: | | |
| Profit on bank deposits | (9,963) | (5,243) |
| Capital gain on sale of investments - net | (2,345) | (1,797) |
| Amortisation of preliminary expenses and floatation costs | 556 | 561 |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed | 13,742 | (52,413) |
| | 224,752 | 245,385 |
| (Increase) / decrease in assets | | |
| Investments | 631,229 | (1,678,036) |
| Mark-up receivable on fixed income securities | (20,440) | 30,635 |
| Receivable Against Sale Of Units | (3,994) | |
| | 606,795 | (1,647,401) |
| Increase / (decrease) in liabilities | | |
| Payable to National Investment Trust Limited - Management Company | (646) | 2,376 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (30) | 119 |
| Payable to Securities and Exchange Commission of Pakistan | (654) | 54 |
| Payable against redemption of units | (1,018) | (5) |
| Accrued expenses and other liabilities | 8,693 | 3,560 |
| | 6,345 | 6,104 |
| Profit received on bank deposits | 9,614 | 5,243 |
| Net cash generated from / (used in) operating activities | 847,506 | (1,390,669) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts from issue of units | 1,263,898 | 4,384,505 |
| Payments against redemption of units | (2,055,201) | (2,951,004) |
| Dividend paid | (39,043) | (47,453) |
| Net cash (used in) / generated from financing activities | (830,346) | 1,386,048 |
| Net (decrease) in cash and cash equivalents during the period | 17,160 | (4,621) |
| Cash and cash equivalents at beginning of the period | 20,909 | 20,716 |
| Cash and cash equivalents at end of the period | 6 38,069 | 16,095 |

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 - GOVERNMENT BOND FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL
INFORMATION
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The NIT - Government Bond Fund (the Fund) was established under a Trust Deed executed between National Investment Trust Limited (NITL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. NBFC-II/NITL/896/2009 dated 24 September 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on 04 September 2009. The Fund is categorized as an Income Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters. The units of the Fund were initially issued at Rs 10 per unit.
- 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 and is listed on Karachi, Lahore and Islamabad stock exchanges. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at par from 16 November 2009 to 18 November 2009 (both days inclusive).
- 1.4** The objective of the Fund is to generate a competitive stream of return with moderate level of risk for its unit holders, by investing primarily in government securities.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned a rating of 'AM2-' to the Management Company and 'AA(f)' to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the nine months period ended 31 March 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

- 2.2** The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2013.
- 2.3** This condensed interim financial information is being submitted to the unit holder as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.4 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

NIT - GOVERNMENT BOND FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

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

4 ESTIMATES AND JUDGEMENTS

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

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

During the period ended 31 March 2014, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the 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. 1.702 million.

5 FINANCIAL RISK MANAGEMENT

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

6 BANK BALANCES

| | | March 31, 2014 | June 30, 2013 |
|----------------------------|------|-------------------|------------------|
| | Note | Unaudited | Audited |
| ----- Rupees in '000 ----- | | | |
| In current accounts | | 44 | 24 |
| In savings accounts | 6.1 | 38,025 | 20,885 |
| | | <u>38,069</u> | <u>20,909</u> |

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

7 INVESTMENTS

| | | March 31, 2014 | June 30, 2013 |
|-----------------------------|------|-------------------|------------------|
| | Note | Unaudited | Audited |
| ----- Rupees in '000 ----- | | | |
| Available for sale | | | |
| Government securities: | 7.1 | | |
| - Market Treasury Bills | | 3,051,213 | 4,607,743 |
| - Pakistan Investment Bonds | | 1,112,838 | 182,721 |
| | | <u>4,164,051</u> | <u>4,790,464</u> |

NIT - GOVERNMENT BOND FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

7.1 Investment in government securities - Available for sale

| Issue date | Tenor | Face value | | | | Balance as at 31 March 2014 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|------------------------------|-----------|--------------------|-----------------------------|-----------------------------------|---------------------|-----------------------------|------------------|----------------------------|--|---|
| | | As at 01 July 2013 | Purchases during the period | Sales / matured during the period | As at 31 March 2014 | Carrying value | Market value | Appreciation/ (Diminution) | | |
| ----- (Rupees in '000) ----- | | | | | | | | | | |
| ----- (%) ----- | | | | | | | | | | |
| Market Treasury Bills | | | | | | | | | | |
| August 9, 2012 | 12 months | 280,000 | - | 280,000 | - | - | - | - | - | - |
| September 6, 2012 | 12 months | 400,000 | - | 400,000 | - | - | - | - | - | - |
| September 20, 2012 | 12 months | 315,000 | - | 315,000 | - | - | - | - | - | - |
| October 4, 2012 | 12 months | 280,000 | - | 280,000 | - | - | - | - | - | - |
| October 18, 2012 | 12 months | 363,000 | - | 363,000 | - | - | - | - | - | - |
| November 1, 2012 | 12 months | 400,000 | - | 400,000 | - | - | - | - | - | - |
| November 15, 2012 | 12 months | 45,000 | - | 45,000 | - | - | - | - | - | - |
| January 10, 2013 | 6 months | 70,000 | - | 70,000 | - | - | - | - | - | - |
| January 24, 2013 | 6 months | 400,000 | - | 400,000 | - | - | - | - | - | - |
| April 4, 2013 | 6 months | 273,000 | - | 273,000 | - | - | - | - | - | - |
| May 2, 2013 | 6 months | 300,000 | - | 300,000 | - | - | - | - | - | - |
| May 2, 2013 | 12 months | - | 200,000 | - | 200,000 | 198,441 | 198,231 | (210) | 4.71 | 4.76 |
| May 16, 2013 | 6 months | 200,000 | - | 200,000 | - | - | - | - | - | - |
| May 16, 2013 | 12 months | 250,000 | 250,000 | - | 500,000 | 494,678 | 493,815 | (863) | 11.74 | 11.86 |
| May 30, 2013 | 6 months | 250,000 | 370,000 | 620,000 | - | - | - | - | - | - |
| May 30, 2013 | 12 months | 25,000 | - | - | 25,000 | 24,661 | 24,597 | (64) | 0.58 | 0.59 |
| June 13, 2013 | 6 months | 300,000 | - | 300,000 | - | - | - | - | - | - |
| June 13, 2013 | 12 months | 250,000 | - | - | 250,000 | 245,841 | 245,054 | (787) | 5.83 | 5.88 |
| June 27, 2013 | 6 months | 350,000 | 200,000 | 550,000 | - | - | - | - | - | - |
| July 12, 2013 | 6 months | - | 650,000 | 650,000 | - | - | - | - | - | - |
| July 12, 2013 | 12 months | - | 75,000 | - | 75,000 | 73,310 | 72,976 | (334) | 1.74 | 1.75 |
| July 25, 2013 | 6 months | - | 745,000 | 745,000 | - | - | - | - | - | - |
| August 7, 2013 | 6 months | - | 40,000 | 40,000 | - | - | - | - | - | - |
| September 19, 2013 | 6 months | - | 100,000 | 100,000 | - | - | - | - | - | - |
| November 28, 2013 | 3 months | - | 825,000 | 825,000 | - | - | - | - | - | - |
| December 12, 2013 | 3 months | - | 775,000 | 775,000 | - | - | - | - | - | - |
| December 12, 2013 | 6 months | - | 300,000 | - | 300,000 | 294,375 | 294,065 | (310) | 6.99 | 7.06 |
| December 26, 2013 | 3 months | - | 300,000 | 300,000 | - | - | - | - | - | - |
| December 26, 2013 | 6 months | - | 250,000 | - | 250,000 | 244,401 | 244,157 | (244) | 5.81 | 5.86 |
| January 9, 2014 | 6 Months | - | 150,000 | - | 150,000 | 143,359 | 143,286 | (73) | 3.41 | 3.44 |
| January 9, 2014 | 3 months | - | 200,000 | 200,000 | - | - | - | - | - | - |
| January 23, 2014 | 3 months | - | 380,000 | 350,000 | 30,000 | 29,869 | 29,858 | (11) | 0.71 | 0.72 |
| February 20, 2014 | 3 months | - | 500,000 | - | 500,000 | 494,133 | 493,815 | (318) | 11.74 | 11.86 |
| February 28, 2014 | 2 months | - | 200,000 | - | 200,000 | 198,162 | 198,068 | (94) | 4.71 | 4.76 |
| March 6, 2014 | 3 months | - | 475,000 | - | 475,000 | 467,653 | 467,339 | (314) | 11.11 | 11.22 |
| March 20, 2014 | 6 Months | - | 150,000 | - | 150,000 | 146,093 | 145,952 | (141) | 3.47 | 3.51 |
| | | 4,751,000 | 7,135,000 | 8,781,000 | 3,105,000 | 3,054,976 | 3,051,213 | (3,763) | 72.55 | 73.27 |

NIT - GOVERNMENT BOND FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

7.1 Investment in government securities - Available for sale

| Issue date | Tenor | Face value | | | | Balance as at 31 March 2014 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|---------------------------|----------|--------------------|-----------------------------|-----------------------------------|---------------------|-----------------------------|------------------|----------------------------|--|---|
| | | As at 01 July 2013 | Purchases during the period | Sales / matured during the period | As at 31 March 2014 | Carrying value | Market value | Appreciation/ (Diminution) | | |
| (Rupees in '000) | | | | | | | | | | |
| Pakistan Investment Bonds | | | | | | | | | | |
| April 29, 2004 | 10 years | - | 265,000 | - | 265,000 | 264,629 | 264,472 | (157) | 6.36 | 6.35 |
| September 3, 2009 | 10 years | 50,000 | - | 50,000.00 | - | - | - | - | - | - |
| August 18, 2011 | 3 years | 50,000 | - | 50,000.00 | - | - | - | - | - | - |
| July 19, 2012 | 3 years | 75,000 | - | 25,000.00 | 50,000 | 50,719 | 50,628 | (91) | 1.22 | 1.22 |
| July 19, 2012 | 10 years | - | 75,000 | - | 75,000 | 71,650 | 72,119 | 469 | 1.72 | 1.73 |
| July 18, 2013 | 5 years | - | 175,000 | - | 175,000 | 169,354 | 172,922 | 3,568 | 4.07 | 4.15 |
| July 18, 2013 | 3 years | - | 600,000 | 50,000.00 | 550,000 | 541,678 | 552,697 | 11,019 | 13.01 | 13.27 |
| | | <u>175,000</u> | <u>1,115,000</u> | <u>175,000</u> | <u>1,115,000</u> | <u>1,098,030</u> | <u>1,112,838</u> | <u>14,808</u> | <u>26.38</u> | <u>26.72</u> |
| | | <u>4,926,000</u> | <u>8,250,000</u> | <u>8,956,000</u> | <u>4,220,000</u> | <u>4,153,006</u> | <u>4,164,051</u> | <u>11,045</u> | | |

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

| | March 31, 2014 Unaudited | June 30, 2013 Audited |
|---|-----------------------------|--------------------------|
| | --- Rupees in '000 --- | |
| Market value of investments | 4,164,051 | 4,790,464 |
| Less: Carrying value of investments | <u>(4,153,006)</u> | <u>(4,781,890)</u> |
| | 11,045 | 8,574 |
| Less: Net unrealised appreciation / (diminution) on re-measurement of investments at the beginning of the period / year | <u>8,574</u> | <u>(35,502)</u> |
| Net unrealised (diminution) / appreciation during the period / year | <u>2,471</u> | <u>44,076</u> |

8 ACCRUED EXPENSES AND OTHER LIABILITIES

| | | |
|---|---------------|---------------|
| Provision for Workers' Welfare Fund | 29,369 | 24,823 |
| Federal Excise Duty payable on remuneration to Management Company | 4,931 | - |
| Capital gain tax payable | 61 | 467 |
| Auditors' remuneration | - | 468 |
| Printing charges payable | 50 | 25 |
| Brokerage payable | - | 104 |
| Others | 435 | 266 |
| | <u>34,846</u> | <u>26,153</u> |

9 CONTINGENCIES AND COMMITMENTS

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

10 WORKERS WELFARE FUND

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

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

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the nine months period ended 31 March 2014. As at 31 March 2014 the management has maintained provision against Workers' Welfare Funds' amounting to Rs. 29.369 million, if the same were not made the net assets value per unit of the Fund would have been higher by Rs. 0.0745.

11 TAXATION

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

12 EARNINGS PER UNIT

| | Nine month ended March 31, | | Quarter ended March 31, | |
|--|-------------------------------|--------------------|----------------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | -----Unaudited----- | | | |
| | ----- Rupees in '000 ----- | | | |
| Net income for the period after taxation | <u>222,762</u> | <u>304,277</u> | <u>75,028</u> | <u>107,191</u> |
| | ----- (Number of units) ----- | | | |
| Weighted average number of units outstanding | <u>419,256,685</u> | <u>373,574,215</u> | <u>397,999,634</u> | <u>449,080,011</u> |
| | ----- (Rupees) ----- | | | |
| Earnings per unit - basic and diluted | <u>0.5313</u> | <u>0.8145</u> | <u>0.1885</u> | <u>0.2387</u> |

13 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

13.1 Connected persons include National Investment Trust Limited, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the Fund and the 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 market rates.

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

13.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

13.5 Details of transactions with connected persons are as follows:

| | Nine months ended March 31, | | Three months period ended March 31, | |
|--|---|---------|--|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | -----Unaudited----- ----- (Rupees in '000) ----- | | | |
| National Investment Trust Limited | | | | |
| - Management Company | | | | |
| Issue of 28,563,761 units (2013: 28,676,302 units) | 300,000 | 300,000 | 300,000 | - |
| Issue of 4,551,223 bonus units (2013: 2,347,994 bonus units) | 45,891 | 23,416 | - | - |
| Front end load on sale of units | 23 | 105 | 12 | 85 |
| Remuneration of the Management Company | 40,629 | 36,332 | 12,898 | 14,667 |
| Sindh Sales Tax on remuneration to Management Company | 7,590 | 5,813 | 2,365 | 2,345 |
| Federal Excise Duty on remuneration to Management Company | 6,954 | - | 2,039 | - |
| Central Depository Company of Pakistan Limited - Trustee | | | | |
| Remuneration | 3,007 | 2,743 | 959 | 1,065 |
| National Investment Trust Limited Provident Fund | | | | |
| Issue of Nil units (2013: 2,025,354 units) | - | 22,000 | - | 22,000 |
| Issue of 526,945 bonus units (2013: 496,787 units) | 5,313 | 4,954 | - | - |
| Redemption of 493,579 units (2013: 979,144 units) | 5,000 | 10,000 | - | - |
| Loss on redemption of units | 487 | - | - | - |
| National Investment Trust Limited Employees Pension Fund | | | | |
| Issue of 1,089,360 bonus units (2013: 861,337 units) | 10,984 | 8,590 | - | - |
| Issue of Nil units (2013: 9,361,980 units) | - | 100,000 | - | 100,000 |
| National Investment Trust Limited Employees Benevolent Fund | | | | |
| Issue of 160,719 bonus units (2013: 1,749,095 units) | 1,621 | 18,500 | - | 18,500 |
| National Bank of Pakistan | | | | |
| Cash distribution | 8,803 | - | - | - |

13.6 Amounts outstanding as at period / year end:

| | March 30, 2014 Unaudited | June 30, 2013 Audited |
|---|--------------------------------|-----------------------------|
| | ----- Rupees in '000 ----- | |
| National Investment Trust Limited - Management Company | | |
| 85,246,464 units held (30 June 2013: 52,131,481 units) | 908,642 | 571,549 |
| Management fee payable inclusive of Sindh Sales Tax | 5,127 | 5,796 |
| Formation costs and other initial charges payable | 3,835 | 3,835 |
| Sales load payable | 317 | 294 |
| Federal Excise Duty payable on remuneration to Management Company | 4,931 | - |
| National Bank of Pakistan | | |
| 10,000,000 units held (30 June 2013: 10,000,000 units) | 106,590 | 109,636 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Trustee fee payable | 331 | 361 |
| Security Deposit | 100 | 100 |

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March 30,
2014
Unaudited
----- Rupees in '000 -----

June 30,
2013
Audited

| | | |
|--|---------|---------|
| National Investment Trust Limited Provident Fund 6,069,203 units held (30 June 2013: 6,035,837 units) | 64,692 | 66,175 |
| National Investment Trust Limited Pension Fund 13,567,313 units held (30 June 2013: 12,477,953 units) | 144,614 | 136,804 |
| National Investment Trust Limited Employees Benevolent Fund 2,001,653 units held (30 June 2013: 1,840,934 units) | 21,336 | 20,184 |

14 DATE OF AUTHORISATION FOR ISSUE

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

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director