

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, 2011 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 10, 2012

NIT - STATE ENTERPRISE FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NIT-State Enterprise Fund** as at December 31, 2011, 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 and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2011. The Management Company (National Investment Trust Limited) is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with the 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 as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Rashid A. Jafer
Dated: February 6, 2012
Karachi

NIT - STATE ENTERPRISE FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2011

Note	Half Year Ended December 31, 2011	Year Ended June 30, 2011
-----Rupees in '000-----		
ASSETS		
	4,434,499	1,422,430
4	19,633,027	24,844,876
	16,187	50,263
	110,433	288,385
	408	507
Total assets	24,194,554	26,606,461
LIABILITIES		
	17,785	16,444
	628	683
	11,719	25,427
	1,000	1,000
	13	-
	-	-
	230,748	196,763
Total liabilities	261,893	240,317
NET ASSETS	23,932,661	26,366,144
Unit holders' fund (as per statement attached)	23,932,661	26,366,144
CONTINGENCIES AND COMMITMENTS		
5		
-----Number of units-----		
Number of units in issue	298,217,024	275,478,665
----- (Rupees) -----		
Net asset value per unit	80.25	95.71

The annexed notes 1 to 12 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, 2011

Note	Half Year Ended December 31, 2011	Half Year Ended December 31, 2010	Quarter Ended December 31, 2011	Quarter Ended December 31, 2010
-----Rupees in '000-----				
INCOME				
Dividend income	449,050	437,419	270,238	212,252
Capital gains	491,128	479,152	366,334	314,054
Income from government securities	252,189	224,715	82,992	134,907
Profit on bank deposits	106,834	113,125	87,944	26,166
Total income	1,299,201	1,254,411	807,508	687,379
EXPENSES				
Impairment loss on equity securities classified as 'available for sale'	351,154	-	142,438	-
Remuneration of National Investment Trust Limited - Management Company	92,776	98,729	46,047	51,250
Sindh Sales Tax on remuneration of Management Fee	14,844	-	7,367	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	3,852	4,126	1,905	2,139
Annual fee - Securities and Exchange Commission of Pakistan	11,719	12,587	5,792	6,534
Custodian charges of Central Depository Company of Pakistan Limited	18	38	8	22
Settlement and bank charges	157	169	94	91
Amortisation of formation costs	100	-	50	-
Legal & Professional charges	51	-	-	-
Auditors' remuneration	175	175	175	175
Printing and stationery expenses	50	50	25	25
Total expenses	474,896	115,874	203,901	60,236
Net income from operating activities	824,305	1,138,537	603,607	627,143
Element of income/ (loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed	885,724	959,563	(106,363)	(399,940)
Provision for Workers' Welfare Fund	6	34,204	37,282	9,947
Net income for the period before taxation	1,675,825	2,060,818	487,297	227,203
Taxation	7	-	-	-
Net income for the period after taxation	1,675,825	2,060,818	487,297	227,203

NIT - STATE ENTERPRISE FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Note	Half Year Ended December 31, 2011	Half Year Ended December 31, 2010	Quarter Ended December 31, 2011	Quarter Ended December 31, 2010
-----Rupees in '000-----				
Earnings per unit (in Rupees)				
With Impairment loss on equity shares classified as 'available for sale'	8	5.50	7.04	1.63
Without Impairment loss on equity shares classified as 'available for sale'		6.65	7.04	2.10

The annexed notes 1 to 12 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, 2011

Note	Half Year Ended December 31, 2011	Half Year Ended December 31, 2010	Quarter Ended December 31, 2011	Quarter Ended December 31, 2010
-----Rupees in '000-----				
Net Income for the period after taxation	1,675,825	2,060,818	487,297	227,203
Other comprehensive income for the period				
Unrealised (diminution)/appreciation in the value of investments classified as available for sale	4.3 (2,078,222)	3,923,820	(895,686)	2,789,411
Total comprehensive income for the period	<u>(402,397)</u>	<u>5,984,638</u>	<u>(408,389)</u>	<u>3,016,614</u>

The annexed notes 1 to 12 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 DISTRIBUTION STATEMENT (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Note	Half Year Ended December 31, 2011	Half Year Ended December 31, 2010	Quarter Ended December 31, 2011	Quarter Ended December 31, 2010
-----Rupees in '000-----				
Undistributed income brought forward comprising:				
Realised income	3,606,555	4,059,357	1,627,078	2,114,774
Unrealised income	-	-	-	-
	<u>3,606,555</u>	<u>4,059,357</u>	<u>1,627,078</u>	<u>2,114,774</u>
Final distribution for the year ended June 30, 2011: Rs 11.50 per unit (2010: 15.00 per unit)	(3,168,005)	(3,778,198)	-	-
Net Income for the period after taxation	1,675,825	2,060,818	487,297	227,203
Undistributed income carried forward	<u>2,114,375</u>	<u>2,341,977</u>	<u>2,114,375</u>	<u>2,341,977</u>
Undistributed income comprising:				
Realised income	2,114,375	2,341,977	2,114,375	2,341,977
Unrealised income	-	-	-	-
	<u>2,114,375</u>	<u>2,341,977</u>	<u>2,114,375</u>	<u>2,341,977</u>

The annexed notes 1 to 12 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, 2011

Note	Half Year Ended December 31, 2011	Half Year Ended December 31, 2010	Quarter Ended December 31, 2011	Quarter Ended December 31, 2010
-----Rupees in '000-----				
Net assets at the beginning of the period	26,366,144	24,786,265	24,619,383	26,041,884
Issue of 28,383,234 units (2010:20,136,931 units) and 28,383,234 units (2010: 20,136,931 units) for the half year and quarter respectively	2,370,000	2,000,000	2,370,000	2,000,000
Redemption of 43,265,165 units (2010: 32,900,953 units) and 33,949,925 units (2010: 28,919,810) units for the half year and quarter respectively	(3,515,362)	(3,191,986)	(2,754,696)	(2,839,084)
	(1,145,362)	(1,191,986)	(384,696)	(839,084)
Issue of 37,620,290 (2010:45,296,699) and nil unit (2010:nil units as bonus units for the half year and quarter ended December 31, 2011	3,168,005	3,778,198	-	-
	28,388,787	27,372,477	24,234,687	25,202,800
Element of (income)/ loss and capital (gains)/ losses included in prices of units issued less those in units redeemed - transferred to income statement	(885,724)	(959,563)	106,363	399,940
Net unrealised (diminution)/appreciation in the value of investments classified as 'available for sale '	4.3 (2,078,222)	3,923,820	(895,686)	2,789,411
Capital gains	491,128	479,152	366,334	314,054
Other net income for the period after taxation	1,184,697	1,581,666	120,963	(86,851)
Final distribution by issue of bonus shares: Rs 11.50 per unit [2010: Rs 15.00 per unit]	(3,168,005)	(3,778,198)	-	-
	(1,492,180)	(1,717,380)	487,297	227,203
Net assets at the end of the period	23,932,661	28,619,354	23,932,661	28,619,354

The annexed notes 1 to 12 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, 2011

	Half Year Ended December 31, 2011	Half Year Ended December 31, 2010	Quarter Ended December 31, 2011	Quarter Ended December 31, 2010
-----Rupees in '000-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income for the period before taxation	1,675,825	2,060,818	487,297	227,203
Adjustments:				
Dividend income	(449,050)	(437,419)	(270,238)	(212,252)
Profit on bank deposits	(106,834)	(113,125)	(87,944)	(26,166)
Element of (income)/ loss and capital (gains)/ losses included in prices of units issued less those in units redeemed	(885,724)	(959,563)	106,363	399,940
Remuneration of National Investment Trust Limited - Management Company	92,776	98,729	46,047	51,250
Sindh Sales Tax on Management Fee	14,844	-	7,367	-
	341,837	649,440	288,892	439,975
Decrease/(increase) in assets				
Investments	3,133,627	(4,759,926)	4,131,376	(4,059,790)
Other receivables	-	-	(50,263)	-
Receivable against sale of investments	34,076	-	34,076	-
Unamortised formation cost	100	-	50	-
	3,167,803	(4,759,926)	4,115,239	(4,059,790)
Increase/(decrease) in liabilities				
Payable to Central Depository Company of Pakistan Limited - Trustee	(55)	73	12	73
Payable to Securities and Exchange Commission of Pakistan	(13,708)	(8,017)	5,792	(14,070)
Payable to National Clearing Company of Pakistan Limited	13	(57,766)	(157)	(100)
Accrued expenses and other liabilities	33,985	36,915	10,122	147
	20,235	(28,795)	15,769	(13,950)
Remuneration paid to National Investment Trust Limited Management Company inclusive of sales tax	(106,280)	(97,557)	(52,703)	(49,795)
Profit received on Bank Deposit	72,184	165,405	44,684	28,551
Dividend received	661,652	497,516	384,296	321,949
Net cash inflow/ (outflow) from operating activities	4,157,431	(3,573,917)	4,796,177	(3,333,060)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts from issue / (redemption) of units	(1,145,362)	(2,042,199)	(384,696)	(839,084)
Dividend paid	-	-	-	-
Net cash (outflow)/ inflow from financing activities	(1,145,362)	(2,042,199)	(384,696)	(839,084)
Net decrease in cash and cash equivalents during the period	3,012,069	(5,616,116)	4,411,481	(4,172,144)

**NIT - STATE ENTERPRISE FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half Year Ended December 31, 2011	Half Year Ended December 31, 2010	Quarter Ended December 31, 2011	Quarter Ended December 31, 2010
	-----Rupees in '000-----			
Cash and cash equivalents at the beginning of the period	1,422,430	6,737,141	23,018	5,293,169
Cash and cash equivalents at the end of the period	<u>4,434,499</u>	<u>1,121,025</u>	<u>4,434,499</u>	<u>1,121,025</u>

The annexed notes 1 to 12 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, 2011

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 (NIT) 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 October 22, 2008 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the trust deed was executed on October 24, 2008. The units of the Fund were initially issued at Rs 50 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. Units are offered for subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. Currently, all units of the Fund are owned by NIT.
- 1.4** Pakistan Credit Rating Agency Limited (PACRA) has assigned "5-star" rating to the Fund based on performance during the twelve months ended December 31, 2010.
- JCR-VIS Credit Rating Company Limited has assigned an asset management 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 Stocks comprise of the following companies:
- National Bank of Pakistan
 - Kot Addu Power Company Limited
 - Pakistan State Oil Company Limited
 - Oil & 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 has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting', the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. In cases where requirements differ, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.

- 2.2** This condensed interim financial information is unaudited. However, a limited review has been performed by the statutory auditors in accordance with the requirements of Code Corporate Governance. This condensed interim financial information is being circulated to the unit holders as required under the NBFC Regulations.

NIT - STATE ENTERPRISE FUND

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2011.

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following new standards and amendments to existing standards are mandatory for the first time for the financial periods beginning July 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan that are not yet effective

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial information.

4 INVESTMENTS

Available for sale

Government securities - Market Treasury Bills
Equity securities - listed

Note	December 31, 2011 Unaudited	June 30, 2011 Audited
	-----Rupees in '000-----	
4.1	1,327,537	4,182,410
4.2	18,305,490	20,662,466
	<u>19,633,027</u>	<u>24,844,876</u>

NIT - STATE ENTERPRISE FUND

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

4.1 Government Securities - Market Treasury Bills

Issue date	Tenor	Face value			Balance as at December 31, 2011			Market value as a percentage of net assets	Market value as a percentage of investments
		As at July 1, 2011	Purchases during the period	Sales/ matured during the period	As at September 30, 2011	Book value	Market value		
-----Rupees in '000-----									

Market Treasury Bills

February 10, 2011	6 months	400,000	100,000	500,000	-	-	-	-	-
April 21, 2011	3 months	1,937,000	-	1,937,000	-	-	-	-	-
May 19, 2011	3 months	950,000	-	950,000	-	-	-	-	-
June 16, 2011	3 months	825,000	-	825,000	-	-	-	-	-
June 30, 2011	3 months	125,000	-	125,000	-	-	-	-	-
January 27, 2011	6 months	-	90,000	90,000	-	-	-	-	-
February 24, 2011	6 months	-	100,000	100,000	-	-	-	-	-
March 10, 2011	6 months	-	200,000	200,000	-	-	-	-	-
May 5, 2011	3 months	-	385,000	385,000	-	-	-	-	-
June 2, 2011	3 months	-	825,000	825,000	-	-	-	-	-
July 14, 2011	3 months	-	1,725,000	1,725,000	-	-	-	-	-
April 21, 2011	6 months	-	300,000	300,000	-	-	-	-	-
May 5, 2011	6 months	-	1,175,000	1,175,000	-	-	-	-	-
May 19, 2011	6 months	-	900,000	900,000	-	-	-	-	-
June 2, 2011	6 months	-	1,050,000	1,050,000	-	-	-	-	-
July 28, 2011	3 months	-	800,000	800,000	-	-	-	-	-
August 11, 2011	3 months	-	625,000	625,000	-	-	-	-	-
August 25, 2011	3 months	-	225,000	225,000	-	-	-	-	-
November 17, 2011	3 months	-	300,000	-	300,000	296,353	296,044	1.24%	1.51%
December 1, 2011	3 months	-	980,000	-	980,000	963,827	962,727	4.02%	4.90%
February 24, 2011	12 months	-	70,000	-	70,000	68,837	68,766	0.29%	0.35%
		<u>4,237,000</u>	<u>9,850,000</u>	<u>12,737,000</u>	<u>1,350,000</u>	<u>1,329,017</u>	<u>1,327,537</u>	<u>5.55%</u>	<u>6.76%</u>

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

Name of the investee Company	As at July 1, 2011	Purchases during the period	Bonus shares received during the period	Sales during the period	As at December 31, 2011	Cost as at December 31, 2011	Market value as at December 31, 2011	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
-----Number of Shares-----										
-----Rupees in '000-----										
Oil and Gas										
Oil & Gas Development Co.	46,242,299	-	-	4,180,917	42,061,382	2,077,839	6,377,347	26.65%	32.48%	0.01
Pakistan Petroleum Ltd.	22,106,721	744,411	2,209,690	627,400	24,433,422	2,778,942	4,112,634	17.18%	20.95%	0.02
Pakistan State Oil Co. Ltd.	10,258,329	349,336	-	-	10,607,665	1,796,032	2,410,168	10.07%	12.28%	0.06
	<u>78,607,349</u>	<u>1,093,747</u>	<u>2,209,690</u>	<u>4,808,317</u>	<u>77,102,469</u>	<u>6,652,813</u>	<u>12,900,148</u>	<u>53.90%</u>	<u>65.71%</u>	<u>0.09</u>
Fixed Line Telecommunication										
Pakistan Telecommunication Company	55,312,149	1,765,823	-	-	57,077,972	593,040	593,040	2.48%	3.02%	0.02
	<u>55,312,149</u>	<u>1,765,823</u>	<u>-</u>	<u>-</u>	<u>57,077,972</u>	<u>593,040</u>	<u>593,040</u>	<u>2.48%</u>	<u>3.02%</u>	<u>0.02</u>
Electricity										
Kot Addu Power Company Ltd.	13,418,997	100,000	-	743,285	12,775,712	471,938	527,892	2.21%	2.69%	0.01
	<u>13,418,997</u>	<u>100,000</u>	<u>-</u>	<u>743,285</u>	<u>12,775,712</u>	<u>471,938</u>	<u>527,892</u>	<u>2.21%</u>	<u>2.69%</u>	<u>0.01</u>

**NIT - STATE ENTERPRISE FUND
NOTES TO AND FORMING PART OF THE FINANCIAL
INFORMATION (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Name of the investee Company	As at July 1, 2011	Purchases during the period	Bonus shares received during the period	Sales during the period	As at December 31, 2011	Cost as at December 31, 2011	Market value as at December 31, 2011	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
Gas, Water and Multiutilities										
Sui Northern Gas Pipelines Ltd.	20,609,143	712,156	1,066,064	-	22,387,363	351,705	351,705	1.47%	1.79%	0.04
Sui Southern Gas Co. Ltd.	53,072,409	2,216,806	2,764,460	-	58,053,675	710,384	1,119,855	4.68%	5.70%	0.07
	73,681,552	2,928,962	3,830,524	-	80,441,038	1,062,090	1,471,561	6.15%	7.50%	0.11
Banks										
National Bank of Pakistan	66,980,052	1,542,449	-	-	68,522,501	2,616,225	2,812,849	11.75%	14.33%	0.04
	66,980,052	1,542,449	-	-	68,522,501	2,616,225	2,812,849	11.75%	14.33%	0.04
	288,000,099	7,430,981	6,040,214	5,551,602	295,919,692	11,396,105	18,305,490	76%	93%	

Investments include securities with market value aggregating to Rs 999.910 million (June 30, 2011: Rs. 1108.210 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 October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

4.3 Net Unrealised Appreciation on remeasurement of investments classified as "available for sale"

	December 31, 2011 Unaudited Rupees in '000	June 30, 2011 Audited
Market Value of Investments	19,633,027	24,844,876
Less: Carrying Value Net of Impairment	12,725,122	15,858,749
	6,907,905	8,986,127
Net unrealised appreciation in fair value of investments at the beginning of the year	8,986,127	8,133,387
	(2,078,222)	852,740

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2011 and June 30, 2011.

6 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 Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

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

**NIT - STATE ENTERPRISE FUND
NOTES TO AND FORMING PART OF THE FINANCIAL
INFORMATION (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Subsequent to the year ended June 30, 2011, 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, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 230.517 million (including Rs 34.204 million for the current period) in this condensed interim financial information.

7 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 if not less than 90 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 90 percent of the Fund's accounting income for the current period as reduced by capital gains (whether realised or unrealised) to its unit holders every year.

8 EARNINGS PER UNIT

	Half year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Rupees in '000		Rupees in '000	
Net Income for the period after taxation	1,675,825	2,060,818	487,297	227,203
Impairment loss on equity securities classified as 'available for sale'	351,154	-	142,438	-
	2,026,979	2,060,818	629,735	227,203
	Number of units		Number of units	
Weighted Average number of units outstanding	304,646,402	292,885,428	299,536,237	289,070,283
	Rupees		Rupees	
Earnings per unit (in Rupees)				
With Impairment loss on equity shares classified as 'available for sale'	5.50	7.04	1.63	0.79
Without Impairment loss on equity shares classified as 'available for sale'	6.65	7.04	2.10	0.79

9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1** Connected persons include the Management Company (National Investment Trust Limited), other collective investment schemes managed by the Management Company and directors and officers of the Management Company and the Trustee.
- 9.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 9.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

**NIT - STATE ENTERPRISE FUND
NOTES TO AND FORMING PART OF THE FINANCIAL
INFORMATION (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

9.4 Details of the transactions with connected persons are as follows:

	(Unaudited)			
	Half year ended December 31 2011	December 31 2010	Quarter ended December 31 2011	December 31 2010
	-----Rupees in '000-----			
National Investment Trust Limited - Management Company				
Investment made by the sponsor in the fund [Issue of 28,383,233 units (2010: 20,136,931 units)]	2,370,000	2,000,000	2,370,000	2,000,000
Issue of 37,620,290 bonus units (2010: 45,296,699 units)	3,168,005	3,778,198	-	-
Redemption of 43,265,165 units (2010: 32,900,953 units)	3,515,362	3,191,986	2,754,696	-
Management fee expense for the period	92,776	98,729	46,047	51,250
Sindh Sales Tax on Management Fee	14,844	-	7,367	-

	(Unaudited)			
	Half year ended December 31 2011	December 31 2010	Quarter ended December 31 2011	December 31 2010
	-----Rupees in '000-----			
Central Depository Company of Pakistan Limited- Trustee				
Remuneration	3,852	4,126	1,905	2,139
Custodian charges	18	38	8	22
Others				
Purchase of shares of National Bank of Pakistan (1,542,449 shares (2010: 4,246,023 shares))	71,815	278,229	22,632	131,936
Sale of shares of National Bank of Pakistan [Nil shares (2010: 850,000 shares)]	-	60,282	-	60,282

9.5 Amounts outstanding as at period/ year end

	(Unaudited)	(Audited)
	December 31 2011	June 30 2011
	-----Rupees in '000-----	
National Investment Trust Limited Management Company		
Investment held by the Sponsor in the Fund [Units held 298,217,024 (June 30, 2011: 275,478,665 units)]	23,932,661	26,366,144
Management Fee Payable	17,785	16,444
Formation cost payable	1,000	1,000

**NIT - STATE ENTERPRISE FUND
NOTES TO AND FORMING PART OF THE FINANCIAL
INFORMATION (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	(Unaudited)	(Audited)
	December 31 2011	June 30 2011
	-----Rupees in '000-----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	628	683
Custodian charges payable	-	3
Others		
Shares of National Bank of Pakistan [Shares held 68,522,501 (June 30, 2011: 66,980,052 shares)]	2,812,849	3,377,134

10 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison. No significant reclassification were made during the current period.

11 DATE OF AUTHORISATION FOR ISSUE

This financial information was authorised for issue on February 6, 2012 by the Board of Directors of the Management Company.

12 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Sd/- Managing Director	Sd/- Director	Sd/- Director
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