

■ LOYALTY TO ENTERPRISE

Launched to support the stock market, NIT-SEF has given a staggering outperformance of 56% against the KSE-100 Index benchmark since the year of inception till June 30, 2010. NIT-SEF has proven the management's skill set and expertise in Fund Management through depressed market conditions. With investments in only eight blue chip state owned enterprises, NIT-SEF has re-invented the concept of investments in Equity Market amidst a volatile environment.

NITSEF
STATE ENTERPRISE FUND



■ CORPORATE INFORMATION

FUND NAME

NIT State Enterprise Fund

NAME OF AUDITORS

A.F.Ferguson & Co. Chartered Accountants

NAME OF TRUSTEE

Central Depository Company of Pakistan Limited

LIST OF BANKERS

Standard Chartered Bank (Pakistan) Limited

NIB Bank Limited

United Bank Limited

Bank Al Habib Limited

Allied Bank Limited

Summit Bank Limited (Formerly Arif Habib Bank Limited)

NIT - STATE ENTERPRISE FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2010

	Note	September 30, 2010 Unaudited	June 30, 2010 Audited
----- (Rupees in '000) -----			
ASSETS			
Bank balances		622,073	6,737,141
Investments in Government Securities	3	4,671,096	-
Investments in listed securities	4	20,721,199	18,886,654
Dividend and profit receivable		237,367	237,661
Unamortised formation costs		707	707
Total assets		26,252,442	25,862,163
LIABILITIES			
Payable to National Investment Trust Limited - Management Company		15,376	15,659
Payable to Central Depository Company of Pakistan Limited - Trustee		652	651
Payable to Securities and Exchange Commission of Pakistan		26,657	20,604
Formation costs payable		1,000	1,000
Payable to National Clearing Company of Pakistan Limited		1,068	58,734
Payable against redemption of units		-	850,213
Accrued expenses and other liabilities		165,805	129,037
Total liabilities		210,558	1,075,898
NET ASSETS		26,041,884	24,786,265
Unit holders' funds (as per statement attached)		26,041,884	24,786,265
CONTINGENCIES AND COMMITMENTS			
	5		
-----Number of units-----			
Number of units in issue		293,195,701	251,879,845
----- (Rupees) -----			
Net asset value per unit		88.82	98.41

The annexed notes form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-

Managing Director

Sd/-

Director

Sd/-

Director

NIT - STATE ENTERPRISE FUND
CONDENSED INTERIM INCOME STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	-----SEPTEMBER 30-----		
	Note	2010	2009
	------(Unaudited)-----		
	------(Rupees in '000)-----		
INCOME			
Dividend income		225,167	290,287
Capital gains		165,098	-
Income from Government Securities		89,808	-
Profit on bank deposits		86,959	10,339
Total income		567,032	300,626
EXPENSES			
Remuneration of National Investment Trust Limited - Management Company		47,479	32,674
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,987	1,369
Annual fee - Securities and Exchange Commission of Pakistan		6,053	4,139
Custodian charges of Central Depository Company of Pakistan Limited		16	33
Settlement and bank charges		78	41
Printing and related expenditure		25	-
Total expenses		55,638	38,256
Net income from operating activities		511,394	262,370
Element of income and capital gains included in prices of units issued less those in units redeemed		1,359,503	704,045
Workers' Welfare Fund - Current period		37,282	-
Net income before taxation		1,833,615	966,415
Taxation	6	-	-
Net income after taxation		1,833,615	966,415
Earnings per unit (in Rupees)	7	<u>6.18</u>	<u>4.70</u>

The annexed notes form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

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

■ NIT - STATE ENTERPRISE FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Note	-----SEPTEMBER 30-----	
		2010	2009
		------(Unaudited)-----	
		------(Rupees in '000)-----	
Net Income for the period after taxation		1,833,615	966,415
Other comprehensive income			
Unrealised appreciation in the value of available for sale investments	4.1	1,134,409	4,383,018
Total comprehensive income for the period		<u>2,968,024</u>	<u>5,349,433</u>

The annexed notes form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

Sd/-

Managing Director

Sd/-

Director

Sd/-

Director

NIT - STATE ENTERPRISE FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	-----SEPTEMBER 30-----	
	2010	2009
	------(Unaudited)-----	
	------(Rupees in '000)-----	
Undistributed income brought forward	4,059,357	1,225,294
Net Income for the period after taxation	1,833,615	966,415
Final distribution for the year ended June 30, 2009: Rs 5.9 per unit	-	(1,162,229)
Final distribution by issue of bonus shares: Rs 15.00 per unit	(3,778,198)	-
Undistributed income carried forward	<u>2,114,774</u>	<u>1,029,480</u>
Undistributed income comprising:		
Realised income	2,114,774	1,029,480
Unrealised income	-	-
	<u>2,114,774</u>	<u>1,029,480</u>

The annexed notes form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

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

**NIT - STATE ENTERPRISE FUND CONDENSED INTERIM
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	-----SEPTEMBER 30-----	
	2010	2009
	------(Unaudited)-----	
	------(Rupees in '000)-----	
Net assets at the beginning of the period	24,786,265	15,246,300
Issue of Nil units (2009: 19,919,099 units)	-	1,700,000
Redemption of 3,980,843 units (2009: Nil)	(352,902)	-
Issue of 45,296,699 bonus units (2009: Nil)	3,778,198	1,700,000
	<u>28,211,561</u>	<u>16,946,300</u>
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to income statement	(1,359,503)	(704,045)
Net unrealised appreciation in the value of securities classified as 'available for sale '	1,134,409	4,383,018
Capital gains	165,098	-
Other net income for the period after taxation	1,668,517	966,415
Final distribution by issue of bonus shares: Rs 15.00 per unit	(3,778,198)	-
Final distribution for the year ended June 30, 2010: Nil (2009: Rs. 5.90 per unit)	-	(1,162,229)
	<u>(1,944,583)</u>	<u>(195,814)</u>
Net assets at the end of the period	<u>26,041,884</u>	<u>20,429,459</u>

The annexed notes form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

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

NIT - STATE ENTERPRISE FUND
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	-----SEPTEMBER 30-----	
	2010	2009
	------(Unaudited)-----	
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the period after taxation	1,833,615	966,415
Adjustments:		
Dividend income	(225,167)	(290,287)
Profit on bank deposits	(86,959)	(10,339)
Element of income and capital gains included in prices of units issued less those in units redeemed	(1,359,503)	(704,045)
Management participation fees	47,479	32,674
	<u>209,465</u>	<u>(5,582)</u>
(Increase) in assets		
Investments	(700,136)	(609,521)
	<u>(700,136)</u>	<u>(609,521)</u>
Increase / (decrease) in liabilities		
Payable to Central Depository Company of Pakistan Limited - Trustee	-	580
Payable to Securities and Exchange Commission of Pakistan	6,053	(532)
Payable to National Clearing Company of Pakistan Limited	(57,666)	(169,312)
Accrued expenses and other liabilities	36,768	(1,406)
	<u>(14,845)</u>	<u>(170,670)</u>
Management participation fee paid	(47,762)	(9,833)
Profit received on placements	136,854	10,822
Dividend received	175,567	205,683
Net cash (outflow) from operating activities	<u>(240,857)</u>	<u>(579,101)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue / (redemption) of units	(1,203,115)	1,700,000
Dividend paid	-	(1,162,229)
Net cash (outflow) / inflow from financing activities	<u>(1,203,115)</u>	<u>537,771</u>
Net decrease in cash and cash equivalents during the period	<u>(1,443,972)</u>	<u>(41,330)</u>
Cash and cash equivalents at the beginning of the period	6,737,141	490,108
Cash and cash equivalents at the end of the period	<u>5,293,169</u>	<u>448,778</u>

The annexed notes form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

<p>Sd/-</p> <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> <p>Managing Director</p>	<p>Sd/-</p> <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> <p>Director</p>	<p>Sd/-</p> <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> <p>Director</p>
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■ NIT - STATE ENTERPRISE FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010

1 LEGAL STATUS AND NATURE OF BUSINESS

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.

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.

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 PRESENTATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information is being submitted to the unit holders as required under regulation 38(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: "Interim Financial Reporting".
- 2.1.3 These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Fund for the year ended June 30,2010.

3 INVESTMENTS IN GOVERNMENT SECURITIES

	Note	September 30, 2010 Unaudited	June 30, 2010 Audited
----- (Rupees in '000) -----			
Available for sale Government securities - Market Treasury Bills	3.1	4,671,096	-

NIT - STATE ENTERPRISE FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010

3.1 Government Securities - Market Treasury Bills

Issue date	Tenor	Face value				Balance as at September 30, 2010			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2010	Purchases during the period	Sales / matured during the period	As at September 30, 2010	Book Value	Market value	Appreciation / (Diminution)		
-----Rupees in '000-----										
Market Treasury Bills										
13-Aug-2009	12 M	-	850,000	850,000	-	-	-	-	-	-
11-Feb-2010	6 M	-	325,000	325,000	-	-	-	-	-	-
20-May-2010	3 M	-	25,000	25,000	-	-	-	-	-	-
29-Jul-2010	3 M	-	2,502,000	-	2,502,000	2,485,929	2,484,824	(1,105)	9.54%	53.20%
13-Aug-2010	3 M	-	2,212,000	-	2,212,000	2,186,810	2,186,272	(538)	8.40%	46.80%
			5,914,000	1,200,000	4,714,000	4,672,739	4,671,096	(1,643)	17.94%	100.00%

Note	September 30, 2010 Unaudited	June 30, 2010 Audited
-----Rupees in '000-----		

4 INVESTMENTS IN LISTED SECURITIES

Available for sale

Equity securities - listed

4.2

20,721,199

18,886,654

4.1 Fair Value reserves

Balance at the beginning of period

8,133,387

4,171,605

Revaluation gain during the year / period

1,134,409

3,961,782

Balance at the end of period

4.2

9,267,796

8,133,387

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, 2010	Purchases during the period	Bonus shares received during the period	Sales during the period	As at September 30, 2010	Cost as at September 30, 2010	Market value as at September 30, 2010	Unrealised gain / (loss) as at September 30, 2010	Market value as a percentage of net assets	Market value as a percentage of total investments	Percentage of paid-up capital of the investee company held
-----Number of Shares-----						-----Rupees in '000-----					
Banks											
National Bank of Pakistan	49,160,874	2,237,900	-	-	51,398,774	2,349,253	3,258,168	908,915	12.51%	15.72%	3.82%
Electricity											
Kot Addu Power Company Limited	11,582,500	1,054,267	-	-	12,636,767	462,999	519,371	56,372	1.99%	2.51%	1.44%
Gas, Water and Multiutilities											
Sui Northern Gas Company Limited	11,079,950	3,695,604	-	-	14,775,554	441,511	455,974	14,463	1.75%	2.20%	2.69%
Sui Southern Gas Pipelines Limited	36,300,854	721,360	-	-	37,022,214	503,532	1,121,033	617,501	4.30%	5.41%	2.52%
Oil and Gas											
Pakistan State Oil Company Limited	9,245,108	820,538	-	-	10,065,646	1,514,613	2,704,639	1,190,026	10.39%	13.05%	5.39%
Oil and Gas Development Company Limited	53,311,309	-	-	1,750,000	51,561,309	2,547,137	7,512,998	4,965,861	28.85%	36.26%	1.20%
Pakistan Petroleum Limited	18,652,552	1,325,731	3,929,856	-	23,908,139	2,796,686	4,122,002	1,325,316	15.83%	19.89%	2.40%
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	54,628,382	-	-	-	54,628,382	837,672	1,027,014	189,342	3.94%	4.96%	1.45%
						11,453,403	20,721,199	9,267,796	79.57%	100.00%	

■ NIT - STATE ENTERPRISE FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010

The above investments include securities with fair value aggregating to Rs 1,095.78 million (June 30, 2010: Rs. 1,084.92 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.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2010.

6 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 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 year as reduced by capital gains (whether realised or unrealised) to its unit holders every year.

7 EARNINGS PER UNIT

	-----SEPTEMBER 30----- 2010	2009
	----- (Unaudited) -----	
	----- (Rupees in '000) -----	
Net Income for the period after taxation	<u>1,833,615</u>	<u>966,415</u>
	Number of units in 000	
Average outstanding number of units	<u>296,701</u>	<u>205,800</u>
	Rupees	
Earning per unit (basic and diluted)	<u>6.18</u>	<u>4.70</u>

8 TRANSACTIONS WITH CONNECTED PERSONS

The significant transactions carried out by the Fund with related/connected parties during the period are given below:
Details of the transactions with connected persons are as follows:

	-----SEPTEMBER 30----- 2010	2009
	----- (Unaudited) -----	
	----- (Rupees in '000) -----	
National Investment Trust Limited - Management Company		
Issue of 53,442,611 bonus units	<u>4,457,648</u>	<u>-</u>
Redemption of 3,980,843 units	<u>352,902</u>	<u>-</u>
Management fee expense for the year / period	<u>47,479</u>	<u>32,674</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	<u>1,987</u>	<u>1,369</u>
Custodian charges	<u>16</u>	<u>33</u>
Others		
Purchase of shares of National Bank of Pakistan [2,237,900 shares (2009: 4,160,294 shares)]	<u>146,293</u>	<u>306,814</u>

**■ NIT - STATE ENTERPRISE FUND NOTES TO AND FORMING
PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30, 2010 Unaudited	June 30, 2010 Audited
----- (Rupees in '000) -----		
Amounts outstanding as at period end		
National Investment Trust Limited - Management Company		
Investment held by the Sponsor in the Fund [Units held 251,870,438 (June 30, 2010: 251,870,438 units)]	<u>26,041,884</u>	<u>24,786,265</u>
Management Fee Payable	<u>15,376</u>	<u>15,659</u>
Formation cost payable	<u>1,000</u>	<u>1,000</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>652</u>	<u>651</u>
Others		
Shares of National Bank of Pakistan [Shares held 51,398,774 (June 30, 2010: 49,160,874 shares)]	<u>3,258,168</u>	<u>3,151,212</u>

9 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 14, 2010 by the Board of Directors of the Management Company.

10 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

For National Investment Trust Limited
(Management Company)

<p>Sd/-</p> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <p>Managing Director</p>	<p>Sd/-</p> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <p>Director</p>	<p>Sd/-</p> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <p>Director</p>
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