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VISION

To be preferred choice of investors
seeking long-term safety, growth
and consistent returns

MISSION

To serve our valued clients in
realizing their investment objectives
through offering efficient,
transparent and reliable range of
investment management
alternatives and to maximize their
satisfaction by combining
pragmatic application of risk
management techniques, state of
the art technology and dedicated
team of professionals committed to
achieve excellence



ORGANIZATION

Management Company

National Asset Management Company Limited
19-C, Sunset Lane-6, South Park Avenue,
Phase-II Extension, D.H.A., Karachi
PABX : 0092-21-35889762, 35312416-19
Fax : 0092-21-35889743, 35395924
Website : www.namco.com.pk

Board of Directors

Mr. Ali Aslam Malik	Chairman
Mr. Etrat Hussain Rizvi	Director / Chief Executive
Mr. Ali Raza Jaffery	Director
Mr. Shafiq Ahmed Khan	Director

CFO & Company Secretary

Mr. Mutahir Naseer Pasha

Audit Committee

Mr. Ali Aslam Malik	Chairman
Mr. Ali Raza Jaffery	Member
Mr. Shafiq Ahmed Khan	Member

Auditors

A. F. Ferguson & Co. - Chartered Accountants
State Life Building 1-C, Off: I. I. Chundrigar Road,
P.O. Box 4716, Karachi.

Legal Advisors

KMS Law Associates
207 Beaumont Plaza,
Behind P.I.D.C. House, Karachi.

Bankers

KASB Bank Limited
Bank Al Falah Limited
Atlas Bank Limited
Bank of Khyber

Registrar

Technology Trade (Pvt) Ltd.
241-C, Block-2, P.E.C.H.S.,
Off: Main Shahrah-e-Quaideen
Karachi.



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of National Asset Management Company Limited, the Management Company of NAMCO Balanced Fund, is pleased to present the accounts of NAMCO Balanced Fund (NBF) for the year ended June 30, 2009.

Market Review

The local stock market, taking cue from the global liquidity crunch, was also flooded by negative developments throughout CY08 including persistent rise in inflation leading to monetary tightening through increase in discount rate by State Bank totaling 500bps, 28% fall YOY in PKR, political uncertainty, worsening law & order situation, tension on borders, macro-economic imbalances leading to adoption of IMF program, and flight of foreign investment. At the KSE, closing prices of 27th August were used as floor prices from August 28 to December 15, 2008. Market remained virtually closed for over 100 days. Trading volumes eroded and so did investor confidence.

The financial year 2008-09 was not good for the stock market keeping in view the performance of last few years. Lack of liquidity coupled with already shattered investor confidence provided fuel for the investor stampede that crushed the good stocks as badly as the bad ones during first seven months of the year under review. This phenomenon continued unabated till January 26, 2009 when the KSE100 Index touched a low of 4,815.34. As investors began to weigh the investment opportunities logically in terms of attractive yields and multiples, the market bounced from the lows to close the half year ending June 30, 2009 with a gain of 1,297 points or 22.12%. The gain from the low of 4,815.34, made on January 26, 2009, amounted to 2,347 points or 48.74%. Favorable corporate results / announcements, particularly for banks, oil and fertilizer sector companies played a pivotal role in the market rally during last five months.

The recovery in the second half of FY 2008-09 only helped the KSE100 Index to recover some of its year to date losses that had gone as far as 60.81% on January 26, 2009. For the year ending June 30, 2009, the market closed at 7,162.18 points with a loss of 5,127 points or 41.72%.

Fund Performance

For the year ended June 30, 2009, the gross loss without unrealized loss and impairment of the Fund amounted to Rs. 23.61 million, (after accounting for dividend income Rs. 31.33 million, profit on deposit with banks Rs. 9.17 million, Income from CFS amounted to Rs. 8.77 capital loss on sale of investments which was the main reason for the gross loss amounted to Rs. 94.7 million). The steep market decline led to a diminution of Rs. 177.58 million in Held for Trading (HFT) investments while the impairment in Available for Sale (AFS) investments routed through the profit and loss account amounted to Rs. 60.81 million, thereby paving way for a gross loss of Rs. 262.0 million.

Operating expenses during the same period were Rs 27.56 million. Loss per certificate for the year under review worked out to Rs. 1.12 without unrealized diminution and Rs. 2.90 with unrealized diminution. Net asset value per certificate on June 30, 2009 was Rs. 7.21.

In the year under review, the NAV dropped from Rs. 10.19 on June 30, 2008 to Rs. 7.21 as on June 30, 2009 registering a reduction of Rs. 2.98 or 29.24%. In the second half of the year the NAV gained Rs. 1.13 or 18.56%. The gain from the lowest NAV of Rs. 5.59 recorded on January 26, 2009 to June 30, 2009 worked out to Rs. 1.63 or 29.16%.

For the most part of the year under review, we remained focused on the stocks that offer value, however, the extreme bearish spell continued unabated. Going forward, we shall concentrate on high yield stocks and shall remain focused on fertilizer and energy sectors on the back of growth potential and good payout history. Due to the decline in the stock market on YOY basis of 41.72% resulting in loss per certificate of Rs. 2.90, no dividend has been declared for the FY 2008-2009.

Due to the decline in the stock market on YOY basis of 41.72% resulting in loss per certificate of Rs 2.90, no dividend has been declared for the FY2008-2009.



Last three years' performance at a glance	2009 (Rupees)	2008 (Rupees)	2007 (Rupees)
Net assets	721,807,424	1,018,801,778	1,136,571,108
Net assets value per certificate as at June 30 (Rs.) (ex-distribution)*	7.21	10.19	11.37
Distribution			
- Annual	-	-	10%
Dates of distribution (annual)	-	-	August 8, 2007
Distribution	-	-	100,000,000
Highest NAV Per Certificate (Rs.)	10.14	11.89	11.38
Lowest NAV per certificate (Rs.)	5.59	9.47	10.11
Total return			
(Loss) / earnings per certificate (Rs.)	(2.90)	(0.25)	1.37

Future Outlook

The corporate results for the year ended June 30, 2009 are encouraging. The stock valuations are still attractive and the investor confidence is reviving. Positive developments on the domestic political and economic front can lead to better valuations of the stock market. We therefore, remain cautiously positive on the stock market.

Management Company Rating

JCR-VIS Credit Rating Company Limited has maintained the management quality rating of AM3 minus for National Asset Management Company Limited (NAMCO), the Investment Advisor for NBF. The AM3 minus rating is categorized as "Good Quality Management", which reflects NAMCO's capability to meet high quality objectives in its management functions.

Compliance with Code of Corporate Governance

In compliance with the Code of Corporate Governance, the Board of Directors declares that;

- These financial statements present fairly the state of affairs of the Fund, the result of its operations, cash flow and changes in equity.
- The Fund has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Fund's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Karachi Stock Exchange listing regulations.
- The statement showing trades in the certificates of the Fund carried out by the directors, CEO, CFO, & Company secretary of the Asset Management Company and their spouses and minor children has been annexed on page no. 07 (Annexure-A)
- The Statement showing certificates held by directors, CEO and company secretary of National Asset Management Company Limited (The management company) and their spouses and minor children for the year ended June 30, 2009 has been annexed on page no. 07 (Annexure-B)
- The detailed pattern of certificate holdings as required by Code of Corporate Governance has been annexed on page no. 07 (Annexure-C).

Board Meetings

During the year, four board meetings of the company were held. The details of the attendance by each director in the board meetings are as given below:-



Name	Designation	Meetings	
		Total	Attended
Mr. Ali A. Malik	Chairman	4	3
Mr. Etrat H. Rizvi	Director / Chief Executive	4	4
Mr. Shafiq A. Khan	Director	4	2
Mr. Imtiaz Ahmad Pervez	Director	4	3
Mr. Ali Raza Jaffery	Director	4	4

Auditors

Messrs KPMG Taseer Hadi & Co. Chartered Accountants are appointed as auditors of the Fund for the year ending June 30, 2010 in place of the outgoing auditors Messrs A. F. Ferguson & Co. Chartered Accountants.

Acknowledgements

The Board wishes to express its appreciation for the continued cooperation, support and the guidance of Securities & Exchange Commission of Pakistan, Karachi Stock Exchange, National Clearing Company Limited, Trustee of the Fund as well as the brokers of the company.

The Board also appreciates the management team and the staff members for their commitment and dedicated efforts.

October 07, 2009
Karachi

Ali A. Malik
Chairman

**Annexure A**

Statement showing trades in the certificates of the Fund carried out by the directors, CEO, CFO, & Company secretary of the Asset Management Company and their spouses and minor children

S. No	Name	Designation	Purchase	Sale	Bonus
			(Number of units)		
1	Mr. Ali Aslam Malik	Chairman	-	-	-
2	Mr. Etrat Hussain Rizvi	CEO	12,000	-	-
3	Mr. Shafiq A. Khan	Director	-	-	-
4	Mr. Ali Raza Jaffery	Director	-	-	-
5	Mr. Mutahir Naseer Pasha	CFO & Company Secretary	-	-	-

Annexure B

Statement showing certificates held by directors, CEO and company secretary of National Asset Management Company Limited (The management company) and their spouses and minor children for the year ended June 30, 2009

S. No.	Name	Designation	Shares held
1	Mr. Ali Aslam Malik	Chairman	-
2	Mr. Shafiq A. Khan	Director	-
3	Mr. Ali Raza Jaffery	Director	-
4	Mr. Etrat Hussain Rizvi	CEO	24,500
5	Mr. Mutahir Naseer Pasha	CFO and Company Secretary	500

Annexure C

Pattern of Certificate holding of NAMCO Balanced Fund as per requirements of Code of Corporate Governance as at June 30, 2009

Details	Certificates Held
Associated Companies	
National Asset Management Company Ltd	10,458,000
First Pakistan Securities Limited	1,512,000
Switch Securities (Pvt) Limited	2,000,000
First National Equities Limited	208,000
Directors and Chief Executive	
Etrat H. Rizvi - CEO	22,500
Public Limited Companies	12,908,667
Banks and Financial Institutions	42,617,867
Insurance Companies	-
Individuals	1,284,733
Retirement funds	19,656,500
Modaraba and mutual funds	7,400,000
Other corporate sector entities	1,931,733
Non profit organizations	-
TOTAL	100,000,000



**STATEMENT OF COMPLIANCE WITH
THE BEST PRACTICES OF "CODE OF CORPORATE GOVERNANCE"
FOR THE YEAR ENDED JUNE 30, 2009**

This statement is being presented to comply with the "Code of corporate governance" contained in Regulation No. 35 Chapter XI of the listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed collective investment scheme is managed in compliance with the best practices of corporate governance.

1. The Asset Management Company encourages representation of independent non-executive directors on its Board. All the directors except Chief Executive are non-executive directors.
2. The directors of the Asset Management Company have confirmed that none of them is serving as a director in more than ten listed companies, including the Asset Management Company.
3. All the resident directors of the Asset Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred in the Board during the year ended June 30, 2009 consequent to the resignation of one director of the Asset Management Company. The aforementioned casual vacancy will be filled at the time of election of new directors.
5. The Asset Management Company has prepared a 'Statement of Ethics & Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and certain policies of the Asset Management Company. A complete record of the particulars of the significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive director of the Management Company besides Chief Executive.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were recorded and circulated.
9. The related party transactions carried out during the year have been placed before the audit committee and approved by the board of directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
10. The Board has approved the appointment of CFO and company secretary including their remuneration and terms and conditions of employment, as determined by the Chief Executive.
11. The directors' report for the year has been prepared in compliance with the requirements of the Code and describes the salient matters required to be disclosed.
12. The financial statements of the fund were duly endorsed by the Chief Executive and CFO before approval of the Board.



13. Although no orientation courses were held, the directors have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, NBFC & NE Regulations, 2008, Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance, Prudential Regulations, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the Company & Fund, its policies and procedures and provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.
14. The directors, chief executive and executives do not hold any interest in the certificates of the Fund other than that disclosed in the pattern of certificate-holding.
15. The Asset Management Company has complied with the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises of three members all of whom are non-executive directors including the Chairman of the Committee.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Asset Management Company had outsourced the internal audit function of the Company to M/s Avais Hyder Liaquat Nauman, Chartered Accountants, Karachi, from July 01, 2008 to September 30, 2008, who were considered suitably qualified and experienced for the purpose and were conversant with the policies and procedures of the Fund. From 1st October 2008 onwards, however, an internal audit department was setup within the company. The staff members are considered suitably qualified for the purpose and are conversant with the policies and procedures of the Fund.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services, except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

October 15, 2009

ETRAT H. RIZVI
Chief Executive



REPORT OF THE TRUSTEE TO THE CERTIFICATE HOLDERS
NAMCO BALANCED FUND

**Report of the Trustee Pursuant to Regulation 41 (b) of the Non-Banking Finance
Companies and Notified Entities Regulations, 2008**

Namco Balanced Fund a closed-end scheme was established under a Trust Deed dated April 17, 2006, executed between National Asset Management Company Limited as the Management Company and First Dawood Investment Bank Limited, as the Trustee. The Scheme was authorized by the Securities and Exchange Commission of Pakistan on May 03, 2006.

In our opinion, National Asset Management Company Limited, the Management Company has in all material respects managed the Fund during the period from July 01, 2008 to June 30, 2009 in accordance with the provision of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulation, 2008 and the constitutive documents.

We are not aware of any material short coming that may have an impact on the decision of the existing or the potential certificate holders remaining or investing in the fund.

October 15, 2009
Karachi

Rafique Dawood
Chairman
First Dawood Investment Bank Limited



REVIEW REPORT TO THE CERTIFICATE HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of National Asset Management Company Limited (the Management Company) of NAMCO Balanced Fund (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Ltd. where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, sub- Regulation (xiii a) of the Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2009.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: October 15, 2009



INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the accompanying financial statements of NAMCO Balanced Fund, which comprise the statement of assets and liabilities as at June 30, 2009, and the related income statement, distribution statement, cash flow statement, of movement in equity and reserves - per certificate and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2009 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: October 15, 2009



STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2009

	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
ASSETS			
Current assets			
Balances with banks	4	24,985,222	33,924,239
Short-term Investments	5	625,517,449	807,407,713
Receivable against sale of investments		542,981	38,196,234
Receivable against Continuous Funding System (CFS) transactions		-	113,259,104
Dividend and other receivables	7	5,748,199	8,187,469
Prepayments and security deposits	8	3,675,000	5,211,007
Preliminary expenses and floatation costs	9	-	-
Total current assets		660,468,851	1,006,185,766
Non-current assets			
Long-term Investments	6	70,000,000	29,965,830
Total assets		730,468,851	1,036,151,596
LIABILITIES			
Current liabilities			
Current portion of preliminary expenses and floatation costs payable to Management Company	10	1,801,986	1,801,986
Payable to National Asset Management Company Limited - Management Company		1,771,859	2,542,288
Payable to First Dawood Investment Bank Limited - Trustee		54,189	67,028
Payable to Securities and Exchange Commission of Pakistan		697,325	1,087,247
Payable against purchase of investments		21,172	5,095,590
Accrued expenses	11	449,474	1,088,271
Unclaimed dividend		261,450	261,450
		5,057,455	11,943,860
Long-term liability			
Preliminary expenses and floatation costs payable to Management Company	10	3,603,972	5,405,958
Total liabilities		8,661,427	17,349,818
NET ASSETS		721,807,424	1,018,801,778
CERTIFICATE CAPITAL AND RESERVES			
Certificate capital	12	1,000,000,000	1,000,000,000
Unrealised appreciation on re-measurement of investments classified as 'available for sale' - net		-	7,438,358
(Accumulated loss) / unappropriated profit		(278,192,576)	11,363,420
TOTAL CERTIFICATE HOLDERS' FUNDS		721,807,424	1,018,801,778
NET ASSETS VALUE PER CERTIFICATE - RUPEES	13	7.21	10.19
COMMITMENTS	14		

The annexed notes 1 to 33 form an integral part of these financial statements.

**For National Asset Management Company Limited
(Management Company)**

Chief Executive

Director

Director



INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
INCOME			
Capital gain on sale of investments - net	15	(94,701,261)	70,164,527
Dividend income		31,338,732	29,021,100
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.3	(177,579,019)	(126,937,571)
Unrealised loss on spread transactions	5.4	-	(107,029)
Unrealised gain - futures contracts	5.5	-	125,135
Impairment loss on financial assets classified as 'available for sale'	5.2	(60,812,524)	-
Income from Continuous Funding System (CFS) transactions		8,765,849	7,164,682
Profit on balances with banks		9,166,134	16,508,148
Profit on Certificates of Musharaka		3,692,185	4,282,315
Profit on Certificates of Investments		14,514,571	1,428,288
Profit on Clean Placement		206,812	-
Profit on Term Deposit Receipts		1,948,631	-
Profit on Term Finance Certificates		1,363,916	10,736,227
Profit on Commercial Papers		34,170	4,487,036
Other income		63,633	5,841
		(261,998,171)	16,878,699
OPERATING EXPENSES			
Fee to National Asset Management Company Limited - Management Company	16	22,831,824	32,617,431
Fee to First Dawood Investment Bank Limited - Trustee	17	680,530	844,446
Annual fee - Central Depository Company of Pakistan Limited		129,465	390,881
Annual fee - Securities and Exchange Commission of Pakistan		697,324	1,087,248
Securities transaction costs	18	1,593,469	4,244,292
Auditors' remuneration	19	484,807	449,055
Amortisation of preliminary expenses and floatation costs	9	-	1,900,725
Annual listing fee		127,500	60,000
Bank charges		12,405	58,400
Legal and professional charges		110,000	110,301
Other expenses	20	890,501	323,608
		27,557,825	42,086,387
Loss before taxation		(289,555,996)	(25,207,688)
Taxation	3.15	-	-
Loss after taxation		(289,555,996)	(25,207,688)
(Loss) / earnings per certificate (Rupees)	21		
With net unrealised diminution on remeasurement of investments		(2.90)	(0.25)
Without net unrealised diminution on remeasurement of investments		(1.12)	1.02

The annexed notes 1 to 33 form an integral part of these financial statements.

**For National Asset Management Company Limited
(Management Company)**

Chief Executive

Director

Director

**DISTRIBUTION STATEMENT**
FOR THE YEAR ENDED JUNE 30, 2009

	June 30, 2009	June 30, 2008
	-----Rupees-----	
Unappropriated profit brought forward	11,363,420	136,571,108
Final cash dividend for the year ended June 30, 2007 (distributed on August 8, 2007)	-	(100,000,000)
Loss after taxation for the year	(289,555,996)	(25,207,688)
(Accumulated loss) / unappropriated profit carried forward	<u>(278,192,576)</u>	<u>11,363,420</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

For National Asset Management Company Limited
(Management Company)

Chief Executive

Director

Director



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

Note	June 30, 2009	June 30, 2008
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(289,555,996)	(25,207,688)
Adjustments for non-cash charges and other items:		
Fee to National Asset Management Company Limited - Management Company	22,831,824	32,617,431
Fee to First Dawood Investment Bank Limited - Trustee	680,530	844,446
Dividend income	(31,338,732)	(29,021,100)
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	177,579,019	126,937,571
Impairment loss on financial assets classified as 'available for sale'	60,812,524	-
Unrealised loss on spread transactions	-	107,029
Unrealised gain - futures contracts	-	(125,135)
Amortisation of preliminary expenses and floatation costs	-	1,900,725
Operating cash (outflow) / inflow before working capital changes	(58,990,831)	108,053,279
Decrease / (increase) in assets		
Investments - net	(103,973,807)	(45,777,625)
Receivable against sale of investments	37,653,253	(9,485,814)
Receivable against continuous funding system transactions	113,259,104	(84,086,374)
Prepayments and security deposits	1,536,007	(4,036,007)
Other receivables	1,308,445	(814,724)
	49,783,002	(144,200,544)
(Decrease) / increase in liabilities		
Payable to Securities and Exchange Commission of Pakistan	(389,922)	329,239
Payable against purchase of investments	(5,074,418)	(32,360,224)
Accrued expenses	(638,797)	629,417
	(6,103,137)	(31,401,568)
Fee paid to the Management Company	(23,602,253)	(52,188,928)
Fee paid to the trustee	(693,369)	(831,980)
Preliminary expenses and floatation costs paid to Management Company	(1,801,986)	(1,801,986)
Net cash used in operating activities	(41,408,574)	(122,371,727)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	32,469,557	27,553,575
Net cash inflow from investing activities	32,469,557	27,553,575
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(99,738,550)
Net cash used in financing activities	-	(99,738,550)
Net decrease in cash and cash equivalents	(8,939,017)	(194,556,702)
Cash and cash equivalents at the beginning of the year	33,924,239	228,480,941
Cash and cash equivalents at the end of the year	24,985,222	33,924,239

The annexed notes 1 to 33 form an integral part of these financial statements.

**For National Asset Management Company Limited
(Management Company)**

Chief Executive

Director

Director



STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - PER CERTIFICATE
FOR THE YEAR ENDED JUNE 30, 2009

	June 30, 2009	June 30, 2008
	-----Rupees-----	
Net assets value per certificate at the beginning of the year	10.19	11.37
Movement in net assets value per certificate from operating activities		
Capital gain on sale of investments - net	(0.95)	0.70
Dividend income	0.31	0.29
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(1.78)	(1.27)
Unrealised gain on letter of rights	-	-
Income from Continuous Funding System (CFS) transactions	0.09	0.07
Profit on balances with banks	0.09	0.17
Profit on Certificates of Musharaka	0.04	0.04
Profit on Certificates of Investments	0.15	0.01
Profit on Term Deposit Receipts	0.02	-
Profit on Term Finance Certificates	0.01	0.11
Profit on Commercial Papers	-	0.05
	(2.02)	0.17
Operating expenses	(0.28)	(0.42)
Impairment on financial assets classified as available for sale	(0.61)	-
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale' - net	(0.07)	0.07
	(0.68)	0.07
	(2.98)	(0.18)
Movement in net assets value per certificate from financing and investing activities		
Issue of certificates during the year	-	-
Dividends paid	-	(1.00)
	-	(1.00)
Net assets value per certificate at the end of the year	7.21	10.19

The annexed notes 1 to 33 form an integral part of these financial statements.

For National Asset Management Company Limited
(Management Company)

Chief Executive

Director

Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

	Certificate capital	Subscription money	Unrealised appreciation/ (diminution) on re-measurement of investments classified as available for sale - net	(Accumulated loss)/ unappropriated profit	Total
Rupees					
Balance as at July 01, 2007	1,000,000,000	-	-	136,571,108	1,136,571,108
Final cash dividend for the year ended June 30, 2007 - Re 1 per certificate	-	-	-	(100,000,000)	(100,000,000)
Loss for the year	-	-	-	(25,207,688)	(25,207,688)
Unrealised appreciation on re-measurement of investments classified as 'available for sale' - net	-	-	7,438,358	-	7,438,358
Balance as at June 30, 2008	<u>1,000,000,000</u>	<u>-</u>	<u>7,438,358</u>	<u>11,363,420</u>	<u>1,018,801,778</u>
Balance as at July 01, 2008	1,000,000,000	-	7,438,358	11,363,420	1,018,801,778
Loss for the year	-	-	-	(289,555,996)	(289,555,996)
Unrealised diminution on re-measurement of investments classified as 'available for sale' - net	-	-	(68,250,882)	-	(68,250,882)
Impairment loss on investments classified as 'available for sale' - transferred to income statement	-	-	60,812,524	-	60,812,524
Balance as at June 30, 2009	<u>1,000,000,000</u>	<u>-</u>	<u>-</u>	<u>(278,192,576)</u>	<u>721,807,424</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

**For National Asset Management Company Limited
(Management Company)**

Chief Executive

Director

Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1 STATUS AND NATURE OF BUSINESS

NAMCO Balanced Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and has been authorised as a closed end scheme by the Securities and Exchange Commission of Pakistan (SECP) on May 03, 2006. It was constituted under a Trust Deed, dated April 17, 2006, between National Asset Management Company Limited as the Management Company and First Dawood Investment Bank Limited as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP on December 13, 2005. The registered office of the Management Company is situated at 179-B, Abubakar Block, New Garden Town, Lahore. The principal office of the Management Company is situated at 19-C, Sunset Lane 6, South Park Avenue, Phase II Ext, DHA Karachi, Pakistan.

The Fund is a closed end balanced mutual fund and its certificates are listed on the Karachi Stock Exchange. The principal activity of the Fund is to make investments in equity market and fixed income securities including money market instruments.

- 1.1 The Securities and Exchange Commission of Pakistan (SECP) notified the Non-Banking Finance Companies and Notified Entities Regulations, 2008 during the year. As per clause 65 of these regulations a closed end fund shall, upon expiry of every 5 years from November 21, 2007, hold a meeting of certificate holders to seek the approval of the certificate holders (by special resolution) to convert into an open end scheme or revoke the closed end scheme.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.2 Standards, interpretations and amendments to published accounting standards that are effective in the period

During the year ended June 30, 2009, IFRS 7 'Financial Instruments: Disclosures' became effective. IFRS 7 has superseded IAS 30 and disclosure requirements of IAS 32. Adoption of this standard has only resulted in additional disclosures which have been set out in note 23 and 25 to these financial statements.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

2.3 Standards, interpretations and amendments to published accounting standards that are not yet effective

IAS 1 (Revised), Presentation of financial statements (effective for annual periods beginning on or after January 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective restatement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at beginning of the comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard is not expected to have a significant impact on the presentation of the financial statements.

IAS 32 (Amendment), Financial Instruments: Presentation, and IAS 1 (Amendment), Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation (effective from January 1, 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. This amendment is not expected to have a significant effect on the financial statements of the Fund.

IFRS 7 (Amendment), 'Financial Instruments: Disclosure' (effective from January 1, 2009). There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the Fund's financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the Fund's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or to have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on management experience and various other factors which are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The significant accounting area where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies relate to classification and valuation of investments (note 5 and 6).

2.5 Accounting Convention

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



2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Financial assets

Financial assets carried on the statement of assets and liabilities include balances with banks, investments, receivable against sale of investments, receivable against CFS transactions, dividend and other receivables and security deposits.

Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Held to maturity

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

d) Available for sale

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

3.2 Regular way Contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the assets.

3.3 Initial recognition and measurement

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

3.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' & 'available for sale'

The investments in quoted equity securities are classified either as 'financial assets at fair value through profit or loss' or as 'available for sale'. These investment are marked to market using the closing market rates and are carried on the balance sheet at fair value.

Gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from the excess of value determined in accordance with the above mentioned criteria over the carrying amount in respect of available for sale financial assets are taken to equity until the available for sale investment is derecognised. At this time, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

b) 'Loans and receivables' & 'held to maturity'

Fixed income and other debt securities are classified as 'loans and receivables' or 'held to maturity'. Certificate of Musharaka and Certificate of Investments are classified as loans and receivables. Sukuk Bonds and Commercial Papers are classified as held to maturity. These financial assets are carried at amortised cost.

3.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired. If any such indication exists, the recoverable amount of such asset or group of assets is estimated and impairment losses are recognised in the income statement. For loans and receivables, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Provision for non-performing debt securities, if any, is made on the basis of time based criteria as prescribed under circular No. 1 of 2009 issued by the Securities and Exchange Commission of Pakistan.

3.6 Derecognition

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

3.7 Offsetting of financial assets and liabilities

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

3.8 Financial liabilities

Financial liabilities carried on the statement of assets and liabilities include payable to Management Company, payable to Trustee, payable to Securities and Exchange Commission of Pakistan, preliminary expenses and floatation costs payable to Management Company and other liabilities.

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



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

3.9 Derivatives

Derivative instruments held by the Fund generally comprise of unpaid letters of right and future contracts in the capital market. Derivative instruments are initially measured at fair value and are subsequently marked to market at each balance sheet date. The resultant gain or loss is recognized in the income statement.

3.10 Securities under resale agreements – Continuous Funding System (CFS) transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against Continuous Funding System (CFS) transactions at the fair value of the consideration given. All CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the Income Statement and is recognised over the term of the transactions. Transaction costs are included in the initial measurement of all CFS transactions except for costs that may be incurred on disposal.

3.11 Spread transactions (Ready-Future Transactions)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. The security purchased in ready market is classified as "Investment at fair value through profit or loss" and carried on the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the income statement in accordance with the requirements of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement".

3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of one year.

3.13 Provisions

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

3.14 Dividend distribution and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends / transfers are declared / made.

3.15 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the certificate holders. Accordingly, no tax liability has been recorded for the current year.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause II of part IV of the Second Schedule to the Income Tax Ordinance, 2001.



The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its certificate holders every year.

3.16 Revenue recognition

- Dividend income on equity securities is recognised in the income statement when the right to receive the dividend is established.
- Income on Continuous Funding System (CFS) transactions is recognised on an accrual basis.
- Profit on Certificates of Musharaka, Certificates of Investments, Term Finance Certificates, Sukuk Bonds and Commercial Papers is recognised on an accrual basis. (In case of financial assets classified as Non-Performing, if any, income is recognised on receipt basis.)
- Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Profit on balances with banks is recognised on an accrual basis.

3.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise of balances with banks, Certificates of Musharaka and Certificates of Investment with original maturities of three months or less.

	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
4 BALANCES WITH BANKS			
Balance in PLS accounts		<u>24,985,222</u>	<u>33,924,239</u>
5 SHORT-TERM INVESTMENTS			
'Financial assets at fair value through profit and loss' - held for trading			
- Quoted equity securities - regular market trade	5.1	486,332,839	612,732,186
- Quoted equity securities - spread transactions	5.4	-	5,827,745
- Derivative financial instruments	5.5	-	125,135
Available for sale			
- Quoted equity securities	5.2	17,184,610	78,722,647
Loans and receivables			
- Fixed income and other debt securities	5.7	122,000,000	110,000,000
		<u>625,517,449</u>	<u>807,407,713</u>

5.1 Investments - financial assets at fair value through profit or loss - held for trading

Unless stated otherwise, the holdings are in ordinary shares / certificates of Rs.10/- each.

Name of Investee	No of shares ¹						Balance as at June 30, 2009						Percentage in relation to		
	As at July 01, 2008	Purchases during the year	Bonus / rights issue	Sales during the year	Holding as at June 30, 2009	Cost	Carrying cost	Market value	Appreciation/ (diminution)	Market value as a percentage of net assets	Investee paid-up capital*	Total investments			
COLLECTIVE INVESTMENT SCHEMES															
CLOSE END MUTUAL FUNDS															
JS Value Fund Limited	-	616	-	616	-	-	-	-	-	0.000%	0.000%	0.000%			
PICIC Growth Fund Limited	-	606	-	606	-	-	-	-	-	0.000%	0.000%	0.000%			
Pakistan Premier Fund Limited	-	559	-	559	-	-	-	-	-	0.000%	0.000%	0.000%			
OTHER EQUITY SECURITIES	-	1,781	-	1,781	-	-	-	-	-	0.000%	0.000%	0.000%			
MODARABAS															
Al-Zamin Leasing Modaraba	86,500	14,000	-	-	100,500	859,625	782,680	402,000	(380,680)	0.056%	0.326%	0.064%			
B.R.R Guardian Modaraba	1,200,000	31,500	-	-	1,231,500	8,295,412	8,654,575	3,325,050	(5,329,525)	0.461%	1.578%	0.532%			
	1,286,500	45,500	-	-	1,332,000	9,155,037	9,437,255	3,727,050	(5,710,205)	0.510%	1.904%	0.596%			
LEASING COMPANIES															
Al-Zamin Leasing Corporation Limited	23,214	2,000	-	-	25,214	177,037	91,542	47,150	(44,392)	0.007%	0.051%	0.008%			
Orix Leasing Pakistan Limited	268,000	31,750	41,250	-	341,000	7,679,865	7,077,740	2,728,000	(4,349,740)	0.378%	0.427%	0.436%			
	291,214	33,750	41,250	-	366,214	7,856,902	7,169,282	2,775,150	(4,394,132)	0.384%	0.478%	0.444%			
INVESTMENT BANKS / COMPANIES / SECURITIES															
Arif Habib Limited	32,000	32,525	9,375	9,000	64,900	10,446,227	9,050,780	4,341,161	(4,709,619)	0.601%	0.216%	0.694%			
Arif Habib Securities Limited	20,000	368,950	11,750	205,300	195,400	6,514,358	6,517,035	5,400,856	(1,116,179)	0.748%	0.052%	0.863%			
Escorts Investment Bank Limited	594,000	13,500	-	-	607,500	9,113,344	7,626,375	2,420,925	(5,202,450)	0.336%	1.378%	0.388%			
First National Equities Limited - related party	108,000	28,500	-	3,295	133,205	8,131,102	9,958,301	1,072,300	(8,886,001)	0.149%	0.232%	0.171%			
Jahangir Siddiqui & Company Limited	11,500	191,547	29,253	105,600	126,700	5,915,283	5,943,283	2,938,173	(3,005,110)	0.407%	0.017%	0.470%			
Javed Omar Vohra & Company Limited	6,000	50,200	1,300	13,000	44,500	1,039,928	940,412	599,415	(3,409,977)	0.083%	0.088%	0.096%			
JS Global Capital Limited	-	18,500	-	1,000	17,500	1,923,570	1,923,570	1,198,925	(724,645)	0.166%	0.055%	0.192%			
JS Investments Limited	7500	23,400	-	7,900	23,000	1,019,634	1,021,154	389,620	(631,534)	0.054%	0.023%	0.062%			
Pervez Ahmed Securities Limited	779,000	842,622	51,678	460,595	1,212,705	44,103,446	42,980,910	18,364,375	(24,616,535)	2.544%	2.041%	2.936%			
COMMERCIAL BANKS															
Aliced Bank Limited	7,000	126,924	2,502	97,626	38,800	1,773,913	1,773,913	1,458,880	(315,033)	0.202%	0.005%	0.233%			
Arif Habib Bank Limited	25,000	442,668	8,332	176,000	300,000	2,273,104	2,272,398	2,097,000	(175,398)	0.290%	0.060%	0.335%			
Askari Bank Limited	205,800	112,950	60,350	61,400	317,700	12,446,043	7,938,660	4,854,456	(3,084,204)	0.672%	0.063%	0.776%			
Bank Alfalah Limited	110,000	127,868	71,232	68,000	241,100	5,089,908	4,803,109	2,543,605	(2,259,504)	0.352%	0.030%	0.407%			
Bank Al-Habib Limited	-	10,400	-	10,400	167,000	1,934,784	1,896,922	1,063,790	(833,132)	0.000%	0.000%	0.000%			
BankIslami Pakistan Limited	100,000	130,000	-	63,000	63,000	63,000	63,000	63,000	-	0.147%	0.032%	0.170%			
The Bank of Khyber	-	65,000	-	65,000	-	-	-	-	-	0.000%	0.000%	0.000%			
The Bank of Punjab	523,900	507,700	-	434,900	596,700	16,205,914	11,752,321	6,551,766	(5,200,555)	0.908%	0.113%	1.047%			
Faysal Bank Limited	55,000	56,179	10,821	9,000	113,000	3,340,117	2,399,147	1,093,840	(1,305,307)	0.152%	0.019%	0.175%			
Habib Bank Limited	-	119,200	1,600	111,800	9,000	971,304	971,304	774,540	(196,764)	0.107%	0.001%	0.124%			
Habib Metropolitan Bank Limited	36,000	5,025	9,575	2,700	47,900	2,301,104	1,538,367	1,188,599	(349,968)	0.165%	0.006%	0.190%			
JS Bank Limited	210,000	343,000	-	133,500	419,500	3,683,376	3,480,735	2,529,585	(951,150)	0.350%	0.068%	0.404%			
MCB Bank Limited	21,000	321,820	6,680	349,500	-	-	-	-	-	0.000%	0.000%	0.000%			
Mezzan Bank Limited	-	12	-	12	-	-	-	-	-	0.000%	0.000%	0.000%			
National Bank of Pakistan	276,900	394,540	81,160	236,000	516,600	53,620,721	47,314,127	34,627,698	(12,686,429)	4.797%	0.058%	5.536%			
NIB Bank Limited	425,000	1,015,000	-	116,000	1,324,000	11,487,009	9,927,298	6,289,000	(3,638,298)	0.871%	0.033%	1.005%			
SilkBank Limited	70,000	213,000	-	133,000	150,000	969,879	985,420	811,500	(173,920)	0.107%	0.017%	0.130%			
Soneri Bank Limited	75,000	44	15,409	5,053	85,400	3,321,355	1,738,144	935,984	(802,160)	0.130%	0.017%	0.150%			
Standard Chartered Bank	61,000	7,200	-	1,600	66,600	3,057,777	1,473,602	565,434	(908,168)	0.078%	0.002%	0.090%			
United Bank Limited	176,000	217,000	19,100	196,500	215,600	13,915,497	11,277,746	8,255,324	(3,022,422)	1.144%	0.021%	1.320%			
	2,377,600	4,215,530	286,761	2,270,991	4,608,900	136,391,805	111,543,213	75,640,801	(35,902,412)	10.478%	0.545%	12.093%			

* Calculated as the fund's shareholding divided by the paid up capital of the Investee

5.1 Investments - financial assets at fair value through profit or loss - held for trading

Unless stated otherwise, the holdings are in ordinary shares / certificates of Rs.10/- each.

Name of Investee	No of shares					Balance as at June 30, 2009					Percentage in relation to		
	As at July 01, 2008	Purchases during the year	Bonus / rights issue	Sales during the year	Holding as at June 30, 2009	Cost	Carrying cost	Market value	Appreciation/ (diminution)	Market value as a percentage of net assets	Invested paid-up capital*	Total investments	
Rupees													
INSURANCE													
Adanjee Insurance Company Limited	91,000	197,500	14,910	13,6910	166,500	19,349,060	18,743,764	13,984,335	(4,759,429)	1.937%	0.148%	2.236%	
Askari General Insurance Company Limited	60,300	2,000	-	2,000	60,300	3,474,913	2,458,253	1,494,837	(963,416)	0.207%	0.296%	0.239%	
EFU General Insurance Limited	4,000	36,600	-	10,000	30,600	4,632,477	4,628,661	2,695,554	(1,933,107)	0.373%	0.027%	0.431%	
Habib Insurance Company Limited	56,000	10,850	8,125	-	74,975	3,215,797	4,092,090	1,049,650	(3,042,440)	0.145%	0.105%	0.168%	
New Jubilee Life Insurance Limited	94,002	124,898	-	4,000	64,000	2,845,264	3,369,735	2,241,920	(1,127,815)	0.000%	0.021%	0.358%	
Pakistan Reinsurance Limited	305,302	375,848	23,035	307,810	396,375	33,517,511	33,292,503	21,466,296	(11,826,207)	2.974%	0.597%	3.432%	
TEXTILE SPINNING													
D.S Industries Limited	-	500	-	500	-	-	-	-	-	0.000%	0.000%	0.000%	
TEXTILE WEAVING													
Samin Textiles Limited	6,500	73,500	-	-	80,000	799,715	800,865	453,600	(347,265)	0.063%	0.599%	0.073%	
TEXTILE COMPOSITE													
Azgard Nine Limited	10,000	378,500	8,700	393,200	4,000	88,140	88,140	88,560	420	0.012%	0.001%	0.014%	
Darwood Lawrencepur Limited	-	52	-	52	-	-	-	-	-	0.000%	0.000%	0.000%	
Kohinoor Textile Mills Limited	132,000	25,000	-	2,500	154,500	2,562,360	1,965,729	682,890	(1,282,839)	0.095%	0.106%	0.109%	
Nishat (Chunian) Limited	250,000	118,161	27,500	9,661	386,000	9,860,189	7,140,542	3,323,082	(3,817,082)	0.460%	0.467%	0.531%	
Nishat Mills Limited	97,000	309,950	56,750	193,700	270,000	10,959,633	10,682,478	10,211,400	(471,082)	1.415%	0.113%	1.632%	
489,000	881,663	92,950	599,113	814,500	23,470,322	19,876,889	14,306,310	(5,370,579)	1.982%	0.687%	2.287%		
SYNTHETIC & RAYON													
Dewan Salmaan Fiber Limited	-	5,545	-	5,545	-	-	-	-	-	0.000%	0.000%	0.000%	
SUGAR & ALLIED INDUSTRIES													
Shakarganj Mills Limited	55,000	67,500	-	15,000	107,500	1,954,778	1,246,159	548,250	(697,909)	0.076%	0.155%	0.088%	
CEMENT													
Al- Abbas Cement Industries Limited	-	74	-	74	-	-	-	-	-	0.000%	0.000%	0.000%	
Attock Cement Pakistan Limited	89,400	3,100	-	5,000	87,500	9,469,353	6,681,269	6,144,250	(537,019)	0.851%	0.121%	0.982%	
D.G. Khan Cement Company Limited	160,300	362,580	51,720	220,800	353,800	13,038,841	11,226,935	10,490,170	(736,765)	1.453%	0.140%	1.677%	
Dewan Cement Limited	-	228,055	-	79,055	149,000	563,085	409,750	(153,335)	0.057%	0.042%	0.066%		
Fauji Cement Company Limited	317,500	249,514	-	50,014	517,000	6,531,237	4,286,210	3,407,030	(879,180)	0.075%	0.075%	0.545%	
Lucky Cement Limited	35,000	162,800	-	192,800	5,000	301,250	292,650	(8,600)	0.041%	0.002%	0.047%		
Maple Leaf Cement Limited	125,000	155,500	-	50,000	230,500	2,470,703	1,637,858	981,930	(655,928)	0.136%	0.062%	0.157%	
Lafarge Pakistan Cement Limited	368,000	343,000	-	52,000	659,000	4,976,057	3,297,983	1,779,300	(1,518,683)	0.246%	0.050%	0.284%	
Pioneer Cement Limited	-	13,500	-	13,500	-	-	-	-	-	0.000%	0.000%	0.000%	
1,095,200	1,518,123	51,720	663,243	2,001,800	37,350,526	27,994,590	23,505,080	(4,489,510)	3.256%	0.492%	3.758%		
TOBACCO													
Pakistan Tobacco Company Limited	14,400	13,000	-	27,400	-	-	-	-	-	0.000%	0.000%	0.000%	
REFINERY													
Attock Refinery Limited	-	2,000	-	2,000	-	-	-	-	-	0.000%	0.000%	0.000%	
Bostcor Pakistan Limited	250,000	207,500	-	90,000	367,500	4,293,808	3,648,481	2,557,800	(1,090,681)	0.354%	0.094%	0.409%	
National Refinery Limited	45,900	4,800	-	-	50,700	18,154,055	14,479,710	11,155,014	(3,324,696)	1.543%	0.063%	1.783%	
Pakistan Refinery Limited	9,500	10,600	-	2,600	17,500	2,505,560	1,948,560	1,571,500	(377,060)	0.218%	0.050%	0.251%	
3,05,400	224,900	-	94,600	435,700	25,013,423	20,076,751	15,284,314	(4,792,437)	2.117%	0.207%	2.443%		
POWER GENERATION & DISTRIBUTION													
The Hub Power Company Limited	427,500	348,000	-	173,000	602,500	15,930,411	14,271,027	16,321,725	2,050,698	2.261%	0.052%	2.609%	
Japan Power Generation	-	50,000	-	50,000	-	-	-	-	-	0.000%	0.000%	0.000%	
Kot Addu Power Company Limited	128,500	149,409	-	67,409	210,500	8,687,758	8,599,654	8,895,730	296,076	1.232%	0.024%	1.422%	
556,000	547,409	-	290,409	813,000	24,618,169	22,870,681	25,217,555	2,346,774	3.493%	0.076%	4.031%		

* Calculated as the fund's shareholding divided by the paid up capital of the investee

5.1 Investments - financial assets at fair value through profit or loss - held for trading

Unless stated otherwise, the holdings are in ordinary shares / certificates of Rs.10/- each.

Name of Investee	No of shares					Balance as at June 30, 2009				Percentage in relation to		
	As at July 01, 2008	Purchases during the year	Bonus / rights issue	Sales during the year	Holding as at June 30, 2009	Cost	Carrying cost	Market value	Appreciation/ (diminution)	Market value as a percentage of net assets	Investment paid-up capital*	Total investments
Rupees												
OIL & GAS MARKETING COMPANIES												
Attock Petroleum Limited	22,600	5,000	4,400	1,400	30,600	11,473,684	10,116,089	9,746,406	(369,683)	1.350%	0.053%	1.558%
Pakistan State Oil Company Limited	99,000	221,200	-	121,200	199,000	52,442,779	50,422,800	42,516,350	(7,906,450)	5.890%	0.116%	6.797%
Shell Pakistan Limited	-	11,400	1,000	1,800	10,600	2,886,322	2,886,322	2,373,340	(512,982)	0.329%	0.015%	0.379%
Sui Northern Gas Pipelines Limited	60,000	91,000	-	74,200	76,800	3,290,577	2,570,139	2,453,760	(116,379)	0.340%	0.014%	0.392%
Sui Southern Gas Company Limited	-	246,000	-	193,500	52,500	715,161	715,161	735,000	19,839	0.102%	0.008%	0.118%
	181,600	574,600	5,400	392,100	369,500	70,808,523	66,710,511	57,824,856	(8,883,655)	8.010%	0.206%	9.244%
OIL & GAS EXPLORATION COMPANIES												
Mari Gas Company Limited	5,000	48,600	-	53,600	-	-	-	-	-	0.000%	0.000%	0.000%
Oil & Gas Development Company Limited	250,000	473,900	-	178,700	545,200	47,722,368	47,331,081	42,874,528	(4,456,553)	5.939%	0.013%	6.854%
Pakistan Oilfields Limited	198,200	277,060	46,840	160,900	361,200	78,208,909	77,737,639	52,699,080	(25,038,559)	7.300%	0.153%	8.425%
Pakistan Petroleum Limited	211,000	150,000	20,100	176,100	205,000	41,410,207	40,464,692	38,855,700	(1,608,992)	5.383%	0.025%	6.212%
	664,200	949,560	66,940	569,300	1,111,400	167,341,484	165,533,412	134,429,308	(31,104,104)	18.022%	0.191%	21.491%
ENGINEERING												
Crescent Steel and Allied Products Limited	50,100	80,450	4,950	32,900	102,600	4,188,788	3,349,884	1,843,722	(1,506,162)	0.255%	0.182%	0.295%
Dost Steels Limited	50,000	5,500	-	3,000	52,500	1,697,554	1,070,762	280,350	(790,412)	0.039%	0.078%	0.045%
International Industries Limited	-	14,000	-	14,000	-	-	-	-	-	0.000%	0.000%	0.000%
	100,100	99,950	4,950	49,900	155,100	5,886,342	4,420,646	2,124,072	(2,296,574)	0.294%	0.260%	0.340%
AUTOMOBILE ASSEMBLER												
Honda Atlas Cars Limited	2,000	23,803	-	25,803	-	-	-	-	-	0.000%	0.000%	0.000%
Indus Motor Company Limited	115,600	5,500	-	7,000	113,900	26,996,899	13,328,268	7,733,810	(5,594,458)	1.071%	0.158%	1.236%
Pak Suzuki Motor Company Limited	117,600	29,109	-	32,809	113,900	26,996,899	13,328,268	7,733,810	(5,594,458)	1.071%	0.158%	1.236%
	-	19,100	1,400	20,500	-	-	-	-	-	0.000%	0.000%	0.000%
AUTOMOBILE PARTS & ACCESSORIES												
Agri Autos Industries Limited (Rs 5 each)	-	100	-	100	-	-	-	-	-	0.000%	0.000%	0.000%
CABLE & ELECTRICAL GOODS												
Pak Elektron Limited	-	100	-	100	-	-	-	-	-	0.000%	0.000%	0.000%
TRANSPORT												
Pakistan International Airlines Corporation - (A)	487,000	127,000	-	1,000	613,000	4,123,592	2,935,218	2,035,160	(900,058)	0.282%	0.029%	0.325%
Pakistan International Container Terminal Limited	487,000	127,003	-	1,003	613,000	4,123,592	2,935,218	2,035,160	(900,058)	0.282%	0.029%	0.325%
	71,000	206,200	18,000	30,800	264,400	11,022,924	10,588,017	4,722,184	(5,865,833)	0.654%	0.369%	0.755%
TECHNOLOGY & COMMUNICATION												
Nesol Technologies Limited	482,000	479,800	-	180,800	781,000	24,138,126	20,871,295	13,464,440	(7,406,855)	1.865%	0.021%	2.153%
Pakistan Telecommunication Company Limited	-	829	-	829	-	-	-	-	-	0.000%	0.000%	0.000%
Telecard Limited	335,000	359,000	-	19,000	675,000	4,200,919	2,661,690	911,250	(1,750,440)	0.126%	0.175%	0.146%
TRG Pakistan Limited - Class (A)	201,000	177,500	-	17,000	361,500	4,295,412	3,784,833	903,750	(2,881,083)	0.125%	0.042%	0.144%
WorldCall Telecom Limited	1,089,000	1,223,329	18,000	248,429	2,081,900	43,657,381	37,905,835	20,001,624	(17,904,211)	2.771%	0.607%	3.198%
	94,000	153,880	51,520	108,800	190,600	27,775,375	27,858,592	24,478,758	(3,379,834)	3.391%	0.090%	3.913%
FERTILIZER												
Engro Chemical Pakistan Limited	503,000	316,500	-	76,500	743,000	24,044,937	21,271,574	13,143,670	(8,127,904)	1.821%	0.080%	2.101%
Fauji Fertilizer Bin Qasim Limited	52,000	204,425	47,975	158,800	145,600	11,332,098	11,219,524	12,659,920	1,440,396	1.754%	0.024%	2.024%
Fauji Fertilizer Company Limited	649,000	674,805	99,495	344,100	1,079,200	63,152,410	60,349,690	50,282,348	(10,067,342)	6.966%	0.194%	8.039%

* Calculated as the fund's shareholding divided by the paid up capital of the investee

5.1 Investments - financial assets at fair value through profit or loss - held for trading

Unless stated otherwise, the holdings are in ordinary shares / certificates of Rs.10/- each.

Name of Investee	No of shares					Balance as at June 30, 2009					Percentage in relation to		
	As at July 01, 2008	Purchases during the year	Bonus / rights issue	Sales during the year	Holding as at June 30, 2009	Cost	Carrying cost	Market value	Appreciation/ (diminution)	Market value as a percentage of net assets	Invested paid-up capital*	Total investments	
CHEMICALS													
BOC Pakistan Limited	-	7	-	7	-	-	-	-	-	0.000%	0.000%	0.000%	
ICI Pakistan Limited	-	3	-	3	-	-	-	-	-	0.000%	0.000%	0.000%	
Pakistan PTA Limited	-	2,317	-	2,317	-	-	-	-	-	0.000%	0.000%	0.000%	
Sitara Peroxide Limited	25,000	9,500	-	4,000	30,500	1,377,202	1,313,896	562,420	(751,476)	0.078%	0.055%	0.090%	
	25,000	11,827	-	6,327	30,500	1,377,202	1,313,896	562,420	(751,476)	0.078%	0.055%	0.090%	
PAPER & BOARD													
Packages Limited	49,100	26,200	-	11,300	64,000	18,100,530	14,125,284	10,050,560	(4,074,724)	1.392%	0.076%	1.607%	
MISCELLANEOUS													
Paec Pakistan Limited	-	35,121	-	35,121	-	-	-	-	-	0.000%	0.000%	0.000%	
TOTAL INVESTMENTS	10,923,716	12,567,875	743,579	6,447,976	17,787,194	745,675,997	663,911,858	486,332,839	(177,579,019)	67.372%	9.537%	77.749%	

* Calculated as the fund's shareholding divided by the paid up capital of the investee.

5.1.1 The shares of following companies have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the stock exchange, in the normal course of business as of June 30, 2009.

- 100,000 shares of The Bank of Punjab
- 25,000 shares of Fauji Fertilizer Company Limited
- 50,000 shares of The Hub Power Company Limited
- 25,000 shares of Oil & Gas Development Company Limited
- 22,000 shares of Pakistan Oilfields Limited
- 170,000 shares of Pakistan Telecommunication Company Limited

5.2 Available for sale - Quoted equity securities

Name of Investee	No of shares					Balance as at June 30, 2009					Percentage in relation to		
	As at July 01, 2008	Purchases during the year	Bonus / rights issue	Sales during the year	Holding as at June 30, 2009	Cost	Market value	Appreciation/ (diminution)	Market value as a percentage of net assets	Invested paid-up capital*	Total investments		
LEASING COMPANIES													
SME Leasing Limited	456,675	500	-	500	456,675	5,074,137	2,283,375	(2,790,762)	0.316%	1.427%	0.365%		
INVESTMENT BANKS / COMPANIES / SECURITIES													
First National Equities Limited - related party	594,500	40,000	-	-	634,500	38,126,865	5,107,725	(33,019,140)	0.708%	1.103%	0.817%		
Jahangir Siddiqui & Company Limited	26,500	56,586	71,914	-	155,000	18,538,638	3,594,450	(14,944,188)	0.498%	0.020%	0.575%		
JS Global Capital Limited	4,600	9,061	1,839	-	15,500	2,623,079	1,061,905	(1,561,174)	0.147%	0.031%	0.170%		
	625,600	105,647	73,753	-	805,000	59,288,582	9,764,080	(49,524,502)	1.353%	1.154%	1.561%		
COMMERCIAL BANKS													
United Bank Limited	48,500	39,500	7,500	-	95,500	10,408,845	3,656,695	(6,752,150)	0.507%	0.009%	0.585%		
CEMENT													
Pioneer Cement Limited	60,000	-	-	-	60,000	1,855,400	814,800	(1,040,600)	0.113%	0.030%	0.130%		
TRANSPORT													
Pakistan International Airlines Corporation	200,000	500	-	-	200,500	1,370,170	665,660	(704,510)	0.092%	0.010%	0.106%		
TOTAL INVESTMENTS	1,390,775	146,147	81,253	500	1,617,675	77,997,134	17,184,610	(60,812,524)	2.381%	2.630%	2.747%		

* Calculated as the fund's shareholding divided by the paid up capital of the investee



5.2.1 The Fund has a deficit on revaluation of its equity portfolio classified as available for sale amounting to Rs 60.813 million. The deficit has been computed based on the market value of the equity securities as at June 30, 2009. The Fund has carried out a scrip wise analysis and has determined that the above deficit represents a significant decline in the fair value of such equity securities with reference to their cost and has accordingly fully recognised this deficit in the income statement.

	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
5.3 Net unrealised diminution on re-measurement of investments classified as 'financial assets through profit or loss' - net			
Market value of securities		486,332,839	612,732,186
Less: carrying cost of securities		<u>663,911,858</u>	<u>739,669,757</u>
		<u>(177,579,019)</u>	<u>(126,937,571)</u>
5.4 Net unrealised diminution on re-measurement of investments classified as 'financial asset through profit or loss' sold under futures contracts			
Market value of securities		-	5,827,745
Less: carrying cost of securities		-	<u>5,934,774</u>
		-	<u>(107,029)</u>
5.5 Derivative financial instruments			
- Unrealised gain on futures contracts		-	125,135
- Unrealised gain on letters of rights		-	-
		-	<u>125,135</u>
5.6 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale' - net			
Market value of securities		17,184,610	78,722,647
Less: carrying value of securities		<u>77,997,134</u>	<u>71,284,289</u>
		<u>(60,812,524)</u>	<u>7,438,358</u>
Less: transferred to income statement		<u>60,812,524</u>	-
		-	<u>7,438,358</u>
5.7 Loans and receivables			
Certificates of Musharaka	5.7.1 & 5.7.2	20,000,000	35,000,000
Certificates of Investment	5.7.1 & 5.7.2	<u>102,000,000</u>	<u>75,000,000</u>
		<u>122,000,000</u>	<u>110,000,000</u>

5.7.1 Certificates of Musharaka and Certificate of Investment

Name of investee company	Number of certificates				Carrying value Rupees	Value as percentage of investments	Value as percentage of net assets
	Opening balance	Purchased during the year	Matured during the year	Closing balance			
Certificates of Musharaka	7	-	3	4	20,000,000	2.88%	2.77%
Certificates of Investment	2	6	-	8	162,000,000	23.29%	22.44%



5.7.2 Significant terms and conditions of Certificates of Musharaka and Certificates of Investment are as follows:

Name of investee company	Number of certificates	Face value per certificate	Principal value	Mark-up rate (Per annum)	Maturity date
Certificates of Musharaka					
Al-Zamin Leasing Modaraba	4	5,000,000	20,000,000	18.00%	10-Dec-09
	<u>4</u>		<u>20,000,000</u>		
Certificates of Investment					
Al-Zamin Leasing Corporation Limited	1	10,000,000	10,000,000	13.00%	27-Jul-09
Al-Zamin Leasing Corporation Limited	1	5,000,000	5,000,000	13.00%	27-Jul-09
First Dawood Investment Bank Limited	5.7.3	60,000,000	60,000,000	11.00%	30-Apr-11
Orix Investment Bank Pakistan Limited	1	15,000,000	15,000,000	16.00%	18-Sep-09
Saudi Pak Industrial & Agricultural Investment	1	62,000,000	62,000,000	14.00%	21-Aug-09
Security Leasing Corporation	2	2,500,000	5,000,000	13.75%	3-Aug-09
Security Leasing Corporation	1	5,000,000	5,000,000	13.75%	3-Aug-09
	<u>8</u>		<u>162,000,000</u>		
Less: shown under long-term investments			<u>(60,000,000)</u>		
			<u>102,000,000</u>		

5.7.3 This represents investment made in a certificate of investment (COI) issued by the First Dawood Investment Bank Limited (FDIBL). The COI was originally due to mature on April 29, 2009 but was rolled over in February 2009 for a period of two years with the mutual consent of the Fund and FDIBL. The COI carries interest at the rate of 11% payable quarterly. The interest payments which became due during the year were received.

	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
6 LONG-TERM INVESTMENTS			
Held to maturity			
Sukuk Bonds	6.1	10,000,000	-
Commercial Papers		-	29,965,830
Loans and receivables			
Certificate of Investment	5.7.2	60,000,000	-
		<u>70,000,000</u>	<u>29,965,830</u>

6.1 Sukuk Bonds

Name of investee company	Profit/mark-up rate	Opening balance	Purchased during the year	Matured during the year	As at June 30, 2009	Maturity Date	Carrying value	Value as percentage of investments	Value as percentage of net assets
----- Number of certificates -----			(Rupees)						

Sukuk Bonds of Rs 5,000 each unless stated otherwise

BRR Guardian Modaraba	15.37%-16.98% (6 months Kibor + 1.3%)	-	2,000	-	2,000	August 28, 2014	10,000,000	1.44%	1.39%
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NAMCO BALANCED FUND

	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
7 DIVIDEND AND OTHER RECEIVABLES			
Dividend receivable		1,835,200	2,966,025
Income accrued on lending in CFS transactions		-	688,342
Profit receivable on Certificates of Musharaka		207,124	2,103,028
Profit receivable on Sukuk Bonds		803,858	-
Profit receivable on Certificates of Investments	7.1	2,521,921	1,428,288
Profit receivable on balances with banks		380,096	1,001,786
		<u>5,748,199</u>	<u>8,187,469</u>
7.1 This includes Rs 1,139,177 (2008: Rs 1,139,178) in respect of Certificate of Investment issued by First Dawood Investment Bank Limited (a related party and the Trustee of the Fund). The amount was received subsequent to the year end.			
8 PREPAYMENTS AND SECURITY DEPOSITS	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
Prepayments			
- Annual Fee to National Clearing Company of Pakistan Limited (NCCPL)		-	847,028
Security Deposits			
- National Clearing Company of Pakistan Limited		3,500,000	3,500,000
- Central Depository Company of Pakistan Limited		175,000	175,000
- Margin against CFS MK-II		-	688,979
		<u>3,675,000</u>	<u>5,211,007</u>
9 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance		-	1,900,725
Less: amortisation during the year		-	1,900,725
		<u>-</u>	<u>-</u>
10 PRELIMINARY EXPENSES AND FLOATATION COSTS PAYABLE TO MANAGEMENT COMPANY	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
Opening balance		7,207,944	9,009,930
Cost incurred during the year		-	-
Less : paid during the year		1,801,986	1,801,986
Closing balance		5,405,958	7,207,944
Less: current portion of preliminary expenses and floatation costs payable to Management Company	10.1	1,801,986	1,801,986
		<u>3,603,972</u>	<u>5,405,958</u>
10.1 These costs have been incurred by Management Company of the Fund. The Fund is required to settle the liability in respect of these costs in five equal yearly installments of Rs 1,801,986.			
11 ACCRUED EXPENSES	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
Brokerage payable on CFS transactions		36,646	61,368
Brokerage payable on regular market trade		38,765	608,466
Auditors' remuneration		318,761	318,760
Legal and professional charges		55,302	60,302
Payable to CDC		-	39,375
		<u>449,474</u>	<u>1,088,271</u>



12 CERTIFICATE CAPITAL

Issued, subscribed and paid-up certificate capital

2009	2008		June 30, 2009	June 30, 2008
Number of certificates		Note	-----Rupees-----	
Fully paid ordinary certificates of Rs 10 each				
<u>100,000,000</u>	<u>100,000,000</u>	Issued for cash	<u>1,000,000,000</u>	<u>1,000,000,000</u>

12.1 National Asset Management Company Limited (NAMCO) and First National Equities Limited hold 10,458,000 (June 30,2008: 10,000,000) and 208,000 (June 30,2008: 2,000,000) certificates respectively of Rs10 each as at June 30, 2009.

12.2 Pattern of certificate holding of the Fund as at June 30, 2009 is as follows:

Category	Certificate Holding		
	Certificate holders	Number of certificates	Percentage
Individuals	240	1,282,733	1.28
Insurance companies	-	-	0.00
Banks, Development Financial Institutions and Non-Banking Financial Institutions	-	-	0.00
Modarabas	14	35,750,534	35.75
Directors, CEO & their spouses & minor children	2	7,400,000	7.40
Associated companies	3	24,500	0.02
Foreign Investor	7	21,045,333	21.06
Others	2	50,000	0.05
	24	34,446,900	34.45
	<u>292</u>	<u>100,000,000</u>	<u>100</u>

12.3 Pattern of certificate holding of the Fund as at June 30, 2008 is as follows:

Category	Certificate Holding		
	Certificate holders	Number of certificates	Percentage
Individuals	250	1,191,000	1.19
Insurance companies	-	-	-
Banks, Development Financial Institutions and Non-Banking Financial Institutions	-	-	-
Modarabas	15	36,237,267	36.24
Directors, CEO & their spouses & minor children	2	7,300,000	7.30
Associated companies	1	12,500	0.01
Others	4	18,760,833	18.76
	25	36,498,400	36.50
	<u>297</u>	<u>100,000,000</u>	<u>100</u>

	Note	June 30, 2009	June 30, 2008
-----Rupees-----			
13 NET ASSET VALUE PER CERTIFICATE			
Total net assets		<u>721,807,424</u>	<u>1,018,801,778</u>
Total certificates in issue		<u>100,000,000</u>	<u>100,000,000</u>
Net asset value per certificate - Rupees		<u>7.21</u>	<u>10.19</u>



NAMCO BALANCED FUND

	June 30, 2009	June 30, 2008
	-----Rupees-----	
14 COMMITMENTS		
CFS transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase transactions have not been settled as at year end	-	646,380
Spread transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transactions have not been settled as at year end	-	6,041,980
15 CAPITAL GAIN ON SALE OF INVESTMENTS		
Securities classified as 'financial assets at fair value through profit or loss' - net	(94,810,411)	69,045,386
Securities classified as 'available for sale' - net	1,944	181,701
Realised gain on future contracts	107,206	565,490
Letters of rights	-	371,950
	<u>(94,701,261)</u>	<u>70,164,527</u>
	June 30, 2009	June 30, 2008
16 FEE TO MANAGEMENT COMPANY	-----Rupees-----	
Fee to National Asset Management Company Limited - Management Company	<u>22,831,824</u>	<u>32,617,431</u>
Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding three per cent of the average annual net assets of the collective investment scheme that has been verified by the trustee and is paid in arrears on a monthly basis during the first five years of existence of the collective investment scheme and thereafter of an amount equal to two per cent of such assets or such other amount as may be specified by the Commission. The fee of the Management Company has been determined at the rate of three percent per annum of the average annual net assets of the Fund.		
	June 30, 2009	June 30, 2008
17 FEE TO TRUSTEE	-----Rupees-----	
Fee to First Dawood Investment Bank Limited - Trustee	<u>680,530</u>	<u>844,446</u>

The Trustee of the Fund is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and offering document as per the tariff specified therein, based on the daily net asset value of the Fund. Based on the Trust Deed and offering document the tariff structure applicable to the Fund in respect of the Trustee fee as at June 30, 2009 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 250 million	0.12% p.a. of NAV
On amount exceeding Rs 250 million up to Rs 500 million	Rs 300,000 plus 0.10% of NAV exceeding Rs 250 million
On amount exceeding Rs 500 million up to Rs 2,000 million	Rs 550,000 plus 0.05% of NAV exceeding Rs 500 million

The remuneration is paid to the trustee monthly in arrears.

**NAMCO BALANCED FUND**

	June 30, 2009	June 30, 2008
	-----Rupees-----	
18 SECURITIES TRANSACTION COSTS		
Transaction cost associated with initial recognition of financial asset	461,065	2,308,368
Transaction cost associated with derecognition of financial asset	1,132,404	1,935,924
	<u>1,593,469</u>	<u>4,244,292</u>
19 AUDITORS' REMUNERATION		
Annual statutory audit fee	250,000	250,000
Fee for half yearly review	125,000	100,000
Fee for the review of statement of compliance of code of corporate governance	50,000	50,000
Out of pocket expenses	59,807	49,055
	<u>484,807</u>	<u>449,055</u>
20 OTHER EXPENSES		
CFS MK-II charges	847,026	93,779
Fee to NCCPL	43,475	229,829
	<u>890,501</u>	<u>323,608</u>
21 (LOSS) / EARNINGS PER CERTIFICATE		
Net loss after taxation (with net unrealised appreciation / diminution on investments classified as held for trading)	<u>(289,555,996)</u>	<u>(25,207,688)</u>
Net income after taxation (without net unrealised appreciation / diminution on investments classified as held for trading)	<u>(111,976,977)</u>	<u>101,711,777</u>
Weighted average number of certificates	<u>100,000,000</u>	<u>100,000,000</u>
Basic loss per certificate (with net unrealised appreciation / diminution on investments classified as held for trading)	<u>(2.90)</u>	<u>(0.25)</u>
Basic (loss) / earnings per certificate (without net unrealised appreciation / diminution on investments classified as held for trading)	<u>(1.12)</u>	<u>1.02</u>
21.1 There were no convertible dilutive potential ordinary certificates in issue as at June 30, 2009 and 2008.		
	June 30, 2009	June 30, 2008
	-----Rupees-----	
22 CASH AND CASH EQUIVALENTS		
Balances with banks	<u>24,985,222</u>	<u>33,924,239</u>



23 FINANCIAL INSTRUMENTS BY CATEGORY

-----As at June 30, 2009-----					
Held to maturity	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total	
-----Rupees-----					
Assets					
Current assets					
Balances with banks	-	24,985,222	-	-	24,985,222
Short-term Investments	-	122,000,000	486,332,839	17,184,610	625,517,449
Receivable against sale of investments	-	542,981	-	-	542,981
Receivable against Continuous Funding System (CFS) transactions	-	-	-	-	-
Dividend and other receivables	-	5,748,199	-	-	5,748,199
Security deposits	-	3,675,000	-	-	3,675,000
Non-current assets					
Long-term Investments	10,000,000	60,000,000	-	-	70,000,000
Total assets	<u>10,000,000</u>	<u>216,951,402</u>	<u>486,332,839</u>	<u>17,184,610</u>	<u>730,468,851</u>

-----As at June 30, 2009-----			
Liabilities at fair value through profit or loss	Other financial liabilities	Total	
-----Rupees-----			
Liabilities			
Current liabilities			
Current portion of preliminary expenses and floatation costs payable to Management Company	-	1,801,986	1,801,986
Payable to National Asset Management Company Limited - Management Company	-	1,771,859	1,771,859
Payable to First Dawood Investment Bank Limited - Trustee	-	54,189	54,189
Payable against purchase of investments	-	21,172	21,172
Accrued expenses	-	449,474	449,474
Unclaimed dividend	-	261,450	261,450
Long-term liability			
Preliminary expenses and floatation costs payable to Management Company	-	3,603,972	3,603,972
Total liabilities	<u>-</u>	<u>7,964,102</u>	<u>7,964,102</u>



As at June 30, 2008				
Held to maturity	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
Rupees				
Assets				
Current assets				
Balances with banks	- 33,924,239	-	-	33,924,239
Short-term Investments	- 110,000,000	618,685,066	78,722,647	807,407,713
Receivable against sale of investments	- 38,196,234	-	-	38,196,234
Receivable against Continuous Funding System (CFS) transactions	- 113,259,104	-	-	113,259,104
Dividend and other receivables	- 8,187,469	-	-	8,187,469
Security deposits	- 4,363,979	-	-	4,363,979
Non-current assets				
Long-term Investments	29,965,830	-	-	29,965,830
Total assets	<u>29,965,830</u>	<u>307,931,025</u>	<u>618,685,066</u>	<u>78,722,647</u>
				<u>1,035,304,568</u>

As at June 30, 2008			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Rupees			
Liabilities			
Current liabilities			
Current portion of preliminary expenses and floatation costs payable to Management Company	-	1,801,986	1,801,986
Payable to National Asset Management Company Limited - Management Company	-	2,542,288	2,542,288
Payable to First Dawood Investment Bank Limited - Trustee	-	67,028	67,028
Payable against purchase of investments	-	5,095,590	5,095,590
Accrued expenses	-	1,088,271	1,088,271
Unclaimed dividend	-	261,450	261,450
Long-term liability			
Preliminary expenses and floatation costs payable to Management Company		5,405,958	5,405,958
Total liabilities	<u>-</u>	<u>16,262,571</u>	<u>16,262,571</u>

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

Among others, connected persons include National Asset Management Company Limited being the Management Company, First Dawood Investment Bank Limited being the trustee of the Fund and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Details of transactions and balances with connected persons are as follows:

	June 30, 2009	June 30, 2008
	-----Rupees-----	
24.1 Transactions during the year		
National Asset Management Company Limited - Management Company		
Management fee	22,831,824	32,617,431
Preliminary expenses and floatation costs incurred	-	-
Certificates issued [No. of certificates 458,000 (2008: Nil)]	4,580,000	-
First National Equities Limited		
Brokerage	228,899	433,364
Purchase of marketable securities	127,324,001	488,583,703
Sale of marketable securities	90,850,854	484,771,552
First Pakistan Securities		
Brokerage	1,631	900
Purchase of marketable securities	1,631,422	1,344,500
Switch Securities Limited		
Brokerage	60	26,199
Purchase of marketable securities	7,350	13,378,650
Sale of marketable securities	7,500	6,049,225
First Dawood Investment Bank Limited - Trustee		
Trustee fee	680,530	844,446
Profit on Certificate of Investments	6,600,000	1,139,179
Executives of the Management Company		
Certificates issued [No. of certificates 17,000 (2008: Nil)]	170,000	-
24.2 Transactions outstanding at the year end		
National Asset Management Company Limited - Management Company		
Management fee payable	1,771,859	2,542,288
Balance payable in respect of preliminary expenses and floatation costs	5,405,958	7,207,944
Certificates in issue [No. of certificates 10,458,000 (2008: 10,000,000)]	104,580,000	100,000,000
First National Equities Limited		
Brokerage payable	228,609	86,407
Certificates in issue [No. of certificates 208,000 (2008: 2,000,000)]	2,080,000	20,000,000
Market value of Shares [Number of shares 767,705 (2008: 702,500)]	6,180,025	59,115,375
First Pakistan Securities		
Brokerage payable	1,169	1,169
Certificates in issue [No. of certificates 1,512,000 (2008: 1,500,000)]	15,120,000	15,000,000
Switch Securities Limited		
Brokerage payable	3,299	3,237
Certificates in issue [No. of certificates 2,000,000 (2008: Nil)]	20,000,000	-

**NAMCO BALANCED FUND**

	June 30, 2009	June 30, 2008
	-----Rupees-----	
The Bank of Khyber		
Certificates in issue [No. of certificates 6,867,333 (2008: 6,867,333)]	-	68,673,330
First Dawood Investment Bank Limited - Trustee		
Trustee fee payable	54,189	67,028
Certificate of Investment	60,000,000	60,000,000
Mark-up receivable on Certificate of Investment	1,139,177	1,139,178
Certificates in issue [No. of certificates 1,440,800 (2008: Nil)]	14,408,000	-
Executives of the Management Company		
Certificates in issue [No. of certificates 24,500 (2008: 7,500)]	245,000	75,000

* No more related party of the fund.

25 FINANCIAL RISK MANAGEMENT

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

25.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

25.2 Currency risk

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

25.3 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing Sukuk Bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date of these sukuk bonds, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs 0.048 million (2008: Nil).

b) Sensitivity analysis for fixed rate instruments

Fixed rate instruments comprise of Certificates of Investments and Certificate of Musharaka. The Fund's income from these investments is substantially independent of changes in market interest rates.

The composition of the Fund's investment portfolio and KIBOR rates is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date. The Fund's interest rate risk sensitivity can be determined from the following:



NAMCO BALANCED FUND

June 30, 2009				
Total	Exposed to interest rate risk			Not exposed to interest rate risk
	Upto three months	More than three months and upto one year	More than one year	

Rupees

On-balance sheet financial instruments

Financial assets

Current assets

Balances with banks	24,985,222	24,985,222	-	-	-
Short-term investments	625,517,449	102,000,000	20,000,000	-	503,517,449
Receivable against sale of investments	542,981	-	-	-	542,981
Receivable against Continuous Funding System (CFS) transactions	-	-	-	-	-
Dividend and other receivables	5,748,199	-	-	-	5,748,199
Security deposits	3,675,000	-	-	-	3,675,000

Non-current assets

Long-term investments	70,000,000	-	-	70,000,000	-
	<u>730,468,851</u>	<u>126,985,222</u>	<u>20,000,000</u>	<u>70,000,000</u>	<u>513,483,629</u>

Financial liabilities

Current liabilities

Current portion of preliminary expenses and floatation costs payable to Management Company	1,801,986	-	-	-	1,801,986
Payable to National Asset Management Company Limited - Management Company	1,771,859	-	-	-	1,771,859
Payable to First Dawood Investment Bank Limited - Trustee	54,189	-	-	-	54,189
Payable against purchase of investments	21,172	-	-	-	21,172
Accrued expenses	449,474	-	-	-	449,474
Unclaimed dividend	261,450	-	-	-	261,450

Long-term liability

Preliminary expenses and floatation costs payable to Management Company	3,603,972	-	-	-	3,603,972
	<u>7,964,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,964,102</u>

On-balance sheet gap

	<u>722,504,749</u>	<u>126,985,222</u>	<u>20,000,000</u>	<u>70,000,000</u>	<u>505,519,527</u>
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Off-balance sheet financial instruments

CFS transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase transactions have not been settled as at June 30, 2009

	-	-	-	-	-
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Spread transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transaction has not been settled as at June 30, 2009

	-	-	-	-	-
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Off-balance sheet gap

	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Total

	<u>722,504,749</u>	<u>126,985,222</u>	<u>20,000,000</u>	<u>70,000,000</u>	<u>505,519,527</u>
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As at June 30, 2008				
Total	Exposed to interest rate risk			Not exposed to interest rate risk
	Upto three months	More than three months and upto one year	More than one year	

Rupees

On-balance sheet financial instruments

Financial assets

Current assets

Balances with banks	33,924,239	33,924,239	-	-	-
Short-term investments	807,407,713	25,000,000	85,000,000	-	697,407,713
Receivable against sale of investments	38,196,234	-	-	-	38,196,234
Receivable against Continuous Funding System (CFS) transactions	113,259,104	113,259,104	-	-	-
Dividend and other receivable	8,187,469	-	-	-	8,187,469
Security deposits	4,363,979	-	-	-	4,363,979

Non-current assets

Long-term investments	29,965,830	-	-	29,965,830	-
	<u>1,035,304,568</u>	<u>172,183,343</u>	<u>85,000,000</u>	<u>29,965,830</u>	<u>748,155,395</u>

Financial liabilities

Current liabilities

Current portion of preliminary expenses and floatation costs payable to Management Company	1,801,986	-	-	-	1,801,986
Payable to National Asset Management Company Limited - Management Company	-	-	-	-	2,542,288
Payable to First Dawood Investment Bank Limited - Trustee	67,028	-	-	-	67,028
Payable against purchase of investments	5,095,590	-	-	-	5,095,590
Accrued expenses	1,088,271	-	-	-	1,088,271
Unclaimed dividend	261,450	-	-	-	261,450

Long-term liability

Preliminary expenses and floatation costs payable to Management Company	5,405,958	-	-	-	5,405,958
	<u>13,720,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,262,571</u>

	<u>1,021,584,285</u>	<u>172,183,343</u>	<u>85,000,000</u>	<u>29,965,830</u>	<u>731,892,824</u>
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Off-balance sheet financial instruments

CFS transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase transactions have not been settled as at June 30, 2008

	646,380	646,380	-	-	-
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Spread transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transaction has not been settled as at June 30, 2008

	6,041,980	6,041,980	-	-	-
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Off-balance sheet gap

	<u>6,688,360</u>	<u>6,688,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Total	<u>1,033,785,329</u>	<u>208,837,533</u>	<u>85,000,000</u>	<u>29,965,830</u>	<u>731,892,824</u>
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	2009	2008
Percentage per annum		
25.4 The rates of return on financial instruments are as follows:		
Balances with banks - Saving accounts	5% to 13%	5% to 13%
Receivable against CFS transactions	-	12.33% to 37%
Investments		
- Term Finance Certificates	-	12.47% to 13.35%
- Certificate of Musharaka	12% to 18%	12% to 12.25%
- Certificate of Investment	11.00% to 16.00%	10.50% to 11.00%
- Commercial Papers	-	11.20% to 13.37%
- Sukuk Bonds	15.37% to 16.98%	-

25.5 Price risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the balance sheet as financial assets at fair value through 'profit or loss' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 25% of net assets.

In case of 5% increase / decrease in KSE 100 index on June 30, 2009, post-tax profit for the period would be affected by Rs 26.820 million (2008: Rs.34.312 million) as a result of gains / losses on equity securities classified at fair value through profit or loss. Other components of equity would increase / decrease by Rs 0.985 million (2008: Rs 4.465 million) as a result of gains / losses on equity securities classified as available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

25.6 Credit risk

25.6.1 Credit Risk Management

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in Sukuk Bonds and balances with banks. The credit risk on liquid fund is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by Investment Committee) have been established with prescribed minimum rating of various securities in which the fund can invest its resources.

The analysis below summarises the credit quality of the Fund's investment in Sukuk bonds and balances with banks as at June 30, 2009:

Sukuk Bonds by rating category

	June 30, 2009	June 30, 2008
Non-rated	100%	Nil



	June 30, 2009	June 30, 2008
Balances with banks by rating category		
A1+	1.94%	98.67%
A1	12.36%	0.00%
A2	85.70%	1.33%
	<u>100.00%</u>	<u>100.00%</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2009 is the carrying amount of the financial assets. None of these assets are impaired nor 'past due but not impaired.'

25.6.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

25.7 Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund is not materially exposed to liquidity risk as all obligations/commitments of the Fund are short term in nature and are restricted to the extent of available liquidity and all assets of the Fund are readily disposable in the market.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	As at June 30, 2009			
	Total	Upto three months	More than three months and upto one year	More than one year
Rupees				
Current liabilities				
Payable to National Asset Management Company Limited - Management Company	1,771,859	1,771,859	-	-
Payable to First Dawood Investment Bank Limited - Trustee	54,189	54,189	-	-
Payable against purchase of investments	21,172	21,172	-	-
Accrued expenses	449,474	449,474	-	-
Unclaimed dividend	261,450	-	-	261,450
Current portion of preliminary expenses and floatation costs payable to Management Company	1,801,986	-	1,801,986	-
Long-term liability				
Preliminary expenses and floatation costs payable to Management Company	3,603,972	-	-	3,603,972
	7,964,102	2,296,694	1,801,986	3,865,422



As at June 30, 2008					
Total	Upto three months	More than three months and upto one year	More than one year		
Rupees					
Current liabilities					
Payable to National Asset Management Company Limited - Management Company	2,542,288	2,542,288	-	-	
Payable to First Dawood Investment Bank Limited - Trustee	67,028	67,028	-	-	
Payable against purchase of investments	5,095,590	5,095,590	-	-	
Accrued expenses	1,088,271	1,088,271	-	-	
Unclaimed dividend	261,450	-	-	-	261,450
Current portion of preliminary expenses and floatation costs payable to Management Company	1,801,986	-	1,801,986	-	
Long-term liability					
Preliminary expenses and floatation costs payable to Management Company	5,405,958	-	-	-	5,405,958
	16,262,571	8,793,177	1,801,986	-	5,667,408

26 CAPITAL RISK MANAGEMENT

The Fund is a closed end fund. As required by the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company is required to invest or arrange the investment of two hundred and fifty million rupees for a minimum period of two years or life of the collective investment scheme which ever is lower which has been maintained by the Fund as at June 30, 2009. The Fund has no other restriction or specific capital requirement on the subscription of certificate capital.

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

The Fund has a limited number of certificates sold at the Fund's inception. However, in order to maintain or adjust the capital structure the Fund may issue new certificates. The Fund's certificates are not redeemable directly with the Fund. Instead the certificates are traded on the stock exchanges at a price that is either at a premium or discount to the certificate's net asset value.

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

According to Amendments to International Financial Reporting Standard 7, Financial Instruments : Disclosure -Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and

- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Investments of the Fund carried at fair value are categorised in the level 1 category.

28 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

	Designation	Qualification	Experience in years
1	Mr. Etrat Hussain Rizvi	CEO	35
2	Mr. Mutahir Naseer Pasha	CFO / Company Secretary	16
3	Mr. Faisal Merchant	AVP - Funds	14
4	Mr. Asif Iqbal	Fund Manager	5

29 RATING OF THE FUND AND MANAGEMENT COMPANY

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM 3-' to the Management Company. The Management Company has initiated the process of obtaining the rating of the Fund which is expected to be completed in 2009. Pending completion of this process, the rating of the Fund has not been disclosed in these financial statements.

30 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS

The 14th, 15th, 16th, 17th Board meetings were held on September 01, 2008, October 17, 2008, February 24, 2009 and April 27, 2009. Following is the list of persons who have attended the directors' meetings during the current year.

Name	Designation	Held	Number of meetings	
			Attended	Leave granted
Mr. Ali Aslam. Malik	Director	4	3	1
Mr. Etrat Hussain Rizvi	Director	4	4	-
Mr. Shafiq A. Khan	Director	4	2	2
Mr. Imtiaz Ahmed Pervez	Director	4	3	1
Mr. Ali Raza Jaffery	Director	4	4	-
Mr. M. Ahsan Hashmi	Chief Financial Officer and Company Secretary (note - 29.2)	4	2	-
Mr. Mutahir N. Pasha	Chief Financial Officer and Company Secretary (note - 29.2)	4	2	-

30.1 Mr. Imtiaz Ahmed Pervez resigned from the office on June 30, 2009

30.2 Mr. M. Ahsan Hashmi resigned from the offices of Chief Financial Officer and Company Secretary on November 01, 2008. Mr. Mutahir N. Pasha has been appointed as the new Chief Financial Officer and Company Secretary w.e.f. November 01, 2008. This appointment was formally approved in the Board of Directors' meeting held on February 24, 2009.

**31 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION CHARGED****For the year ended June 30, 2009**

Name of broker	Percentage
First National Equities Limited	22.24%
Shehzad Chamdia Securities Limited	18.98%
Dalal Securities (Private) Limited	11.14%
Intermarket Securities (Private) Limited	7.44%
WE Financial Services Limited	5.82%
Arif Habib Securities Limited	5.55%
AKD Securities	5.11%
Ample Securities (Private) Limited	4.85%
BMA Capital Management	4.80%
Dawood Equities Limited	4.34%

For the year ended June 30, 2008

Name of broker	Percentage
AKD Securities Limited	13.12%
Intermarket Securities Limited	12.87%
Global Securities Limited	11.83%
First National Equities Limited	11.37%
Khoja's Capital Management (Private) Limited	9.38%
JS Global Capital Limited	7.36%
Dawood Equities Limited	7.16%
Shehzad Chamdia Securities Limited	4.29%
Invisor Securities Limited	4.27%
SAAO Capital (Private) Limited	3.39%

32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 07, 2009 by the Board of Directors of the Investment Adviser.

33 GENERAL

- 33.1 Corresponding figures have been rearranged and reclassified, whenever necessary, for the purposes of comparison. During the year there were no major reclassifications.
- 33.2 Figures have been rounded off to the nearest decimal places unless otherwise specified.
- 33.3 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

**For National Asset Management Company Limited
(Management Company)**

Chief Executive

Director

Director



Pattern of Certificate Holding

As at June 30, 2009

No of Certificate Holders	Having Certificates		Certificate held	Percentage
	From	To		
159	101	500	79,233	0.08%
35	501	1,000	35,000	0.04%
31	1,001	5,000	80,500	0.08%
5	5,001	10,000	36,500	0.04%
3	10,001	15,000	37,000	0.04%
1	15,001	20,000	17,500	0.02%
2	20,001	25,000	47,500	0.05%
1	25,001	30,000	27,000	0.03%
1	35,001	40,000	35,500	0.04%
1	40,001	45,000	43,000	0.04%
1	45,001	50,000	48,000	0.05%
2	50,001	55,000	110,000	0.11%
1	60,001	65,000	61,000	0.06%
4	95,001	100,000	399,500	0.40%
1	105,001	110,000	110,000	0.11%
1	120,001	125,000	121,000	0.12%
1	155,001	160,000	156,500	0.16%
1	165,001	170,000	165,500	0.17%
1	195,001	200,000	200,000	0.20%
1	205,001	210,000	208,000	0.21%
4	245,001	250,000	998,500	1.00%
1	250,001	255,000	253,000	0.25%
1	295,001	300,000	300,000	0.30%
1	320,001	325,000	321,733	0.32%
1	485,001	490,000	489,500	0.49%
3	495,001	500,000	1,500,000	1.50%
1	805,001	810,000	806,000	0.81%
1	985,001	990,000	986,733	0.99%
3	995,001	1,000,000	3,000,000	3.00%
1	1,435,001	1,440,000	1,435,200	1.44%
1	1,440,001	1,445,000	1,440,800	1.44%
2	1,470,001	1,475,000	2,945,934	2.95%
1	1,510,001	1,515,000	1,512,000	1.51%
1	1,920,001	1,925,000	1,920,400	1.92%
4	1,995,001	2,000,000	8,000,000	8.00%
1	2,430,001	2,435,000	2,433,667	2.43%
1	2,470,001	2,475,000	2,472,967	2.47%
2	2,495,001	2,500,000	5,000,000	5.00%
1	4,930,001	4,935,000	4,933,667	4.93%
1	4,995,001	5,000,000	5,000,000	5.00%
1	5,395,001	5,400,000	5,400,000	5.40%
1	5,595,001	5,600,000	5,600,000	5.60%
1	6,865,001	6,870,000	6,867,333	6.87%
1	7,365,001	7,370,000	7,367,333	7.37%
1	7,495,001	7,500,000	7,500,000	7.50%
1	9,395,001	9,400,000	9,400,000	9.40%
1	10,095,001	10,100,000	10,097,000	10.10%
292			100,000,000	100.00%



Pattern of Certificate holding
As per requirements of Code of Corporate Governance
As at June 30, 2009

Details	Certificates Held
<i>Associated Companies</i>	
National Asset Management Company Ltd	10,458,000
First Pakistan Securities Limited	1,512,000
Switch Securities (Pvt) Limited	2,000,000
First National Equities Limited	208,000
<i>Directors and Chief Executive</i>	
Etrat H. Rizvi - CEO	22,500
<i>Public Limited Companies</i>	
	12,908,667
<i>Banks and Financial Institutions</i>	
	42,617,867
<i>Insurance Companies</i>	
	-
<i>Individuals</i>	
	1,284,733
<i>Retirement funds</i>	
	19,656,500
<i>Modaraba and mutual funds</i>	
	7,400,000
<i>Other corporate sector entities</i>	
	1,931,733
<i>Non profit organizations</i>	
	-
TOTAL	100,000,000