

## *Vision*

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

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.

## *Mission*



## CONTENTS

ORGANIZATION-----	2
REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY -----	3
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES-----	5
CONDENSED INTERIM INCOME STATEMENT -----	6
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME -----	7
CONDENSED INTERIM DISTRIBUTION STATEMENT -----	8
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND-----	9
CONDENSED INTERIM CASH FLOW STATEMENT -----	10
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATON -----	11



## ORGANIZATION

### Management Company

National Asset Management Company Limited  
19-C, Sunset Lane-6, South Park Avenue,  
Phase-II Extension, D.H.A., Karachi  
PABX : 0092-21-5889762, 5312416-19  
Fax : 0092-21-5889743, 5395924  
Website : www.namco.com.pk

### Board of Directors

Dr. Syed Salman A. Shah	Chairman
Mr. Etrat H. Rizvi	Director / Chief Executive
Justice (Retd) M. Javed Buttar	Director
Lt. General (Retd.) M.Hamid Khan	Director
Mr. Shafiq A. Khan	Director

### CFO & Company Secretary

Mr. Mutahir N. Pasha

### Audit Committee

Mr. Shafiq A. Khan	Chairman
Justice (Retd.) M. Javed Buttar	Member
Lt. General (Retd.) M. Hamid Khan	Member

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust  
Building No. 2 Beaumont Road  
Karachi, 75530 Pakistan

### Legal Advisors

KMS Law Associates  
207, Beaumont Plaza, Karachi.

### Bankers

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

### 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 Income Fund, is pleased to present the accounts of NAMCO Income Fund for the nine months ended March 31, 2010.

### Market Review

During the third quarter of FY 2009-10, the money market remained volatile with overnight repo rates hovering at an average of 11.90%. During the period, 1-Month KIBOR averaged at 12.42% while 6-months KIBOR averaged at 12.35% and closed the period at 12.37% and 12.41% respectively. The State Bank of Pakistan conducted six T-bill auctions over the third quarter with target of PKR 430bn, in which banks participated heavily due to greater interest in government securities. Total participation in T-bills amounted to PKR 764bn against actual uplift of PKR 462bn. Participation was mostly witnessed in 1-year tenure with PKR 269 bn.

The demand for credit has increased from the private sector, as advances from banking system expanded to PKR 3,291bn by the end of January, 2010 from PKR 3,148bn in June, 2009. In addition to this, the ongoing circular debt and Public Sector Enterprise (PSE) borrowings have significantly increased. Due to these inflationary pressures, the State Bank of Pakistan (SBP) was forced to keep the discount rate at 12.5% in its last monetary policy held on March 27, 2010.

Trade deficit in the nine months of current Fiscal year abbreviated by 14.29 % and reached to \$10.92 billion as compared to \$12.74 billion in the same period last year. During the period, imports declined nominally by 3.89 percent to \$25.106 billion, whereas exports grew 6.01 percent to \$14.185 billion as against \$13.381 billion in the same period of last year.

During 9MFY10, average YoY CPI inflation was recorded at 11.29%, in comparison to 22.97% in the same period last year, depicting a decline of 11.68ppt. Double digit inflation is prevailing primarily due to high international oil prices, government borrowings for financing its fiscal deficit, increased power tariffs and supply side constraints.

### Fund Performance

For the period ended March 31, 2010, your Fund earned gross revenue of Rs. 30.33 million This mainly comprised of profit on bank deposits of Rs. 22.48 million, profit on Sukuk bonds of Rs. 2.32 million, gain on sale of investments of Rs. 1.29 million, profit on certificates of investment of Rs. 4.22 million, while dividend income amounted to Rs. 0.021 million. This revenue was reduced by Rs. 0.467 million due to mark to market losses on Sukuk bonds, and the unrealized diminution on the re-measurement of quoted equity securities remained at Rs. 0.091 million .

Operating expenses during the same period amounted to Rs. 4.30 million, net asset value per certificate on March 31, 2010 stands at Rs. 102.0795. NAMCO Income Fund has declared three (3) interim bonus distributions for the FY 2009-10 @ 2.00% each and 3.00% (i.e. 2.00 each and 3.00 units for every 100 units held) on 10th August 2009, 20th October 2009 and 18th February 2010 respectively.

Your fund earned an annualized return of 12.10% based on the 'Morningstar methodology', which is higher than the industry average of around 9.05% per annum for the period under review.



**Future Outlook**

Power shortfall and poor law & order situation are some of the top most reasons among many other hindrances that are keeping a check on economic growth. Moreover fiscal deficit that was initially set at 4.9% followed by a revision to 5.1% is now expected to exceed the target as shortfall in tax and non-tax revenue has deteriorated the fiscal balance. Core inflation should be the key factor in determining any cut in the discount rate in the upcoming Monetary Policy.

Our strategy will be keeping our placements mostly in short-term duration instruments in order to maintain liquidity and to remain resilient to the fast changing money market scenario. We shall continue to focus on providing the best returns in the market within our risk management parameters, without compromising on credit quality.

**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 Management Company of NIF. The AM3 minus rating is categorized as "Good Quality Management", which reflects NAMCO's capability to meet high quality objectives in its management functions.

**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.

April 20, 2010

**ETRAT H. RIZVI**  
Chief Executive

**CONDENSED INTERIM STATEMENT OF  
ASSETS AND LIABILITIES (UN-AUDITED)  
AS AT 31 MARCH 2010**

	Note	(Un-audited) 31 March 2010	(Audited) 30 June 2009
----- Rupees -----			
<b>ASSETS</b>			
Balances with banks	5	230,762,490	175,494,175
Investments	6	53,326,709	101,391,527
Receivable against sale of investments		-	247,000
Other receivables		4,499,294	6,180,032
Prepayments and security deposits		4,185,047	4,204,397
Preliminary expenses and floatation costs		1,137,584	1,397,982
<b>Total assets</b>		<b>293,911,124</b>	<b>288,915,113</b>
<b>LIABILITIES</b>			
Payable to Management Company - National Asset Management Company Limited		310,967	293,570
Payable to Trustee -First Dawood Investment Bank Limited		37,316	35,229
Payable to Securities and Exchange Commission of Pakistan		167,872	246,859
Preliminary expenses and floatation costs payable to Management Company		1,397,020	1,733,448
Accrued expenses and other liabilities		255,525	203,153
<b>Total liabilities</b>		<b>2,168,700</b>	<b>2,512,259</b>
<b>NET ASSETS</b>		<b>291,742,424</b>	<b>286,402,854</b>
<b>Unit Holders' Funds (as per statement attached)</b>		<b>291,742,424</b>	<b>286,402,854</b>
<b>Contingencies</b>	7		
(Number of units)			
<b>Number of units in issue</b>		<b>2,857,991</b>	<b>2,810,277</b>
(Rupees)			
<b>Net asset value per unit</b>		<b>102.0795</b>	<b>101.9127</b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**NAMCO INCOME FUND**

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 MARCH 2010**

	Nine months ended		Quarter ended	
	March 31 2010	2009	March 31 2010	2009
----- Rupees -----				
<b>INCOME</b>				
Income from Continuous Funding System (CFS) transactions	-	11,846,607	-	138,060
Dividend Income	21,051	60,168	-	56,668
Profit on bank deposits	22,474,902	13,366,375	7,249,868	6,934,736
Income from spread transactions	-	9,470	-	-
Profit on Sukuk Bonds	2,320,392	2,633,155	(259,791)	1,100,117
Profit on Clean Placements	-	832,226	-	-
Profit on Certificates of Investments	4,224,810	7,484,404	941,302	2,178,246
Income on Term deposit receipts	-	701,199	-	701,199
Profit on Commercial Papers	-	1,793,622	-	727,144
Capital gain on sale of investments - net	1,287,578	1,646,594	-	1,646,574
	30,328,733	40,373,820	7,931,379	13,482,744
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net				
- Quoted equity securities	(90,503)	(2,457,588)	(224,920)	(2,092,489)
- Unpaid right allotment letter	-	1,205	-	1,205
- Sukuk Bonds	(466,820)	(4,389,560)	208,880	2,033,225
<b>Total Income</b>	29,771,410	33,527,877	7,915,339	13,424,685
<b>EXPENSES</b>				
Remuneration to Management Company-National Asset Management Company Limited	2,797,864	2,727,557	909,717	839,568
Remuneration to Trustee-First Dawood Investment Bank Limited	335,744	327,307	109,166	100,748
Annual fee - Securities and Exchange Commission of Pakistan	167,872	193,926	54,583	50,374
Annual fee - National Clearing Company of Pakistan Limited	104,396	645,604	-	247,253
Annual listing fee - Karachi Stock Exchange	40,000	-	-	-
Securities transaction costs	80,438	621,470	45,000	148,686
Auditors' remuneration	343,143	167,162	80,137	57,204
Bank charges	5,933	8,879	1,310	2,829
Amortisation of preliminary expenses and floatation costs	260,399	249,945	85,532	(604,426)
Legal charges	99,055	-	97,743	-
Printing & Publishing	59,377	-	59,377	-
Other Expenses	2,635	171,441	2,635	64,388
<b>Total Expenses</b>	4,296,856	5,113,291	1,445,200	906,624
	25,474,554	28,414,586	6,470,139	12,518,061
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	(436,187)	(1,862,961)	(173,912)	44,921
<b>Net income for the period</b>	25,038,367	26,551,625	6,296,227	12,562,982

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**NAMCO INCOME FUND**

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 MARCH 2010**

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31</u>	<u>2009</u>	<u>March 31</u>	<u>2009</u>
	<u>2010</u>		<u>2010</u>	
	<u>----- Rupees -----</u>			
Net income for the period	25,038,367	26,551,625	6,296,227	12,562,982
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	<u>25,038,367</u>	<u>26,551,625</u>	<u>6,296,227</u>	<u>12,562,982</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**CONDENSED INTERIM  
DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 MARCH 2010**

	Nine months ended		Quarter ended	
	March 31	March 31	March 31	March 31
	2010	2009	2010	2009
	----- Rupees -----			
Undistributed income brought forward	5,375,085	-	8,291,217	6,695,321
Interim distributions for the cumulative period				
- Bonus units 7.00% (2% - 10 August 2009; 2% - 20 October 2009; and 3% - 18 February 2010)	(24,470,143)	(25,566,193)	(8,644,135)	(17,582,912)
Total comprehensive income for the period	25,038,367	26,551,625	6,296,227	12,562,982
- reversal of amortization of preliminary expenses and floatation cost				(689,959)
Undistributed income carried forward	<u>5,943,309</u>	<u>985,432</u>	<u>5,943,309</u>	<u>985,432</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For National Asset Management Company Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**CONDENSED INTERIM STATEMENT OF  
MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 MARCH 2010**

	Nine months ended		Quarter ended	
	March 31 2010	2009	March 31 2010	2009
	----- Rupees -----			
<b>Net assets at the beginning of the period</b>	<b>286,402,854</b>	-	<b>298,186,712</b>	269,250,421
Issue of 396,916 units (2008: 4,598,457 units) and 280,830 units (2008: 172,911 units) for six months and quarter respectively	<b>40,248,323</b>	464,495,861	<b>62,004</b>	3,675,644
Issuance of 157,518 bonus units (2008: 76,765 units) and 57,075 units (2008: 76,765 units) for six months and quarter respectively	<b>24,470,143</b>	25,566,193	<b>8,644,135</b>	17,582,912
Redemption of 465,757 units (2008: 2,049,671 units) and 301,485 units (2008: 502,252 units) for six months and quarter respectively	<b>(60,383,307)</b>	(212,759,183)	<b>(12,976,431)</b>	(4,602,903)
	<b>290,738,013</b>	277,302,871	<b>293,916,420</b>	285,906,074
Element of loss and capital losses included in the prices of units issued less those in units redeemed - transferred to the income statement	<b>436,187</b>	1,862,961	<b>173,912</b>	(44,921)
Total comprehensive income for the period before capital gain and unrealised diminution in fair value of investments	<b>24,308,112</b>	31,752,179	<b>6,312,267</b>	10,975,672
Capital gain on sale of investments	<b>1,287,578</b>	1,646,594	-	1,646,574
Unrealised diminution on remeasurement of investments classified as financial assets at fair value through profit or loss - net	<b>(557,323)</b>	(6,847,148)	<b>(16,040)</b>	(59,264)
Reversal of amortization of preliminary expenses and floatation cost	-	(689,959)	-	-
Total comprehensive income for the period	<b>25,038,367</b>	26,551,625	<b>6,296,227</b>	11,873,023
Distributions:				
Final distribution of bonus units	-	-	-	-
Interim distribution of bonus units	<b>(24,470,143)</b>	(25,566,193)	<b>(8,644,135)</b>	(17,582,912)
	<b>(24,470,143)</b>	(25,566,193)	<b>(8,644,135)</b>	(17,582,912)
Total comprehensive income / (loss) less distributions for the period	<b>568,224</b>	985,432	<b>(2,347,908)</b>	(5,709,889)
<b>Net assets as at the end of the period</b>	<b>291,742,424</b>	280,151,264	<b>291,742,424</b>	280,151,264

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**CONDENSED INTERIM  
CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 MARCH 2010**

	Nine months ended		Quarter ended	
	March 31 2010	2009	March 31 2010	2009
<b>Rupees</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income for the period	25,038,367	26,551,625	6,296,227	12,562,982
<b>Adjustments for:</b>				
Amortization of preliminary expenses and floatation costs	260,399	249,945	85,532	(604,426)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	436,187	1,862,961	173,912	(44,921)
	<u>25,734,953</u>	<u>28,664,531</u>	<u>6,555,671</u>	<u>11,913,635</u>
<b>Movements in:</b>				
Investments	48,064,817	(94,659,971)	16,040	866,364
Receivable against Continuous Funding System	-	-	-	17,308,593
Receivable from NCCPL against SD scheme	-	-	-	74,632,413
Receivable against sale of investments	247,000	-	-	-
Other receivables	1,680,738	(4,760,893)	(1,453,362)	604,723
Prepayments and security deposits	19,350	(4,454,396)	(85,047)	(252,747)
Preliminary expenses and floatation costs	-	(1,734,410)	-	-
Payable to Management Company-National Asset Management Company Limited	17,397	293,114	(14,155)	9,444
Payable to Trustee-First Dawood Investment Bank Limited	2,087	35,174	(1,698)	1,133
Payable to Securities and Exchange Commission of Pakistan	(78,987)	193,926	54,583	50,374
Preliminary expenses and floatation costs payable to Management Company	(336,428)	1,733,448	-	-
Accrued expenses and other liabilities	52,372	284,412	79,725	(1,130,540)
<b>Net cash generated from / (used in) operating activities</b>	<u>75,403,299</u>	<u>(74,405,065)</u>	<u>5,151,757</u>	<u>104,003,392</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	40,248,323	464,495,861	62,004	3,675,644
Payment on redemption of units	(60,383,307)	(212,759,183)	(12,976,431)	(4,602,903)
<b>Net cash (used in) / generated from financing activities</b>	<u>(20,134,984)</u>	<u>251,736,678</u>	<u>(12,914,427)</u>	<u>(927,259)</u>
Net increase in cash and cash equivalents	55,268,315	177,331,613	(7,762,670)	103,076,133
Cash and cash equivalents at beginning of period	175,494,175	-	238,525,160	74,255,480
Cash and cash equivalents at end of period	<u>230,762,490</u>	<u>177,331,613</u>	<u>230,762,490</u>	<u>177,331,613</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**NOTES TO THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 MARCH 2010**

**1. STATUS AND NATURE OF BUSINESS**

NAMCO Income Fund ("the Fund") was established under a Trust Deed executed between National Asset Management Company Limited (NAMCO) as the Management Company and First Dawood Investment Bank Limited (FDIBL) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed on 2 August 2007 and it was executed on 12 September 2007 in accordance with the NBFC Regulations. The Fund commenced its operations from 12 July 2008. The principal activity of the Fund is to make investments in fixed income securities.

The Fund is an open ended mutual fund and is listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units of the Fund were initially offered at Rs. 100 each for public subscription from 07 July 2008 to 11 July 2008.

JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of AM3- to the Management Company. As at 31 December 2009 The Pakistan Credit Rating Agency Limited (PACRA) through a press release has downgraded rating of the Trustee-FDIBL to "D". The management is in the process of obtaining rating of the Fund.

**2. BASIS OF PREPARATION**

This condensed interim financial information has been prepared in accordance with the requirements of the approved accounting standard, International Accounting Standard "Interim Financial Reporting" (IAS 34) as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Fund's annual financial statements as at and for the period ended 30 June 2009.

This condensed interim financial information is being submitted to the unit holders as required by listing regulations of Karachi Stock Exchange and rule 38(g) of the Non Banking Finance Companies and Notified Entities Regulations, 2008.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June 2009 except amendments in International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' which became for the financial periods beginning on or after 1 January 2009. The application of this standard has resulted in certain increased disclosures including the statement of other comprehensive income which has been reflected in the Fund's condensed interim financial information.

**4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.



## NAMCO INCOME FUND

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2009.

- 4.2 The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2009.

	Note	(Un-audited) 31 March 2010	(Audited) 30 June 2009
----- Rupees -----			
<b>5. BALANCES WITH BANKS</b>			
Balances in PLS accounts	5.1	<u>230,762,490</u>	<u>175,494,175</u>
5.1 These carry mark up ranging from 5% to 13% (30 June 2009: 5% to 18.5%) per annum.			
<b>6. INVESTMENTS</b>			
<b>Financial assets at fair value through profit and loss - held for trading</b>			
- Equity securities received under CFS MK II Square Up Programme	6.1	869,329	2,967,327
- Fixed income and other debt securities - Sukuk Bonds	6.2	29,957,380	30,424,200
<b>Loans and receivables</b>			
- Fixed income and other debt securities - Certificates of investment	6.3	<u>22,500,000</u>	<u>68,000,000</u>
		<u>53,326,709</u>	<u>101,391,527</u>



**6.1 Equity securities received under CFS MK II Square Up Programme**

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

Name of Investee	As at 1 July 2009	Purchases during the period	Bonus / rights issue	Sales during the period	Holding as at 31 Mar 2010	Cost	Market value	Appreciation/ (diminution)	Percentage in relation to			
									Market value as a percentage of net assets	Investee paid-up capital*	Total investments	
<b>No of shares</b>												
<b>INVESTMENT BANKS / COMPANIES / SECURITIES (FINANCIAL SERVICES)</b>												
Arif Habib Securities Limited	38,492	-	-	(38,492)	-	-	-	-	0.00%	0.00%	0.00%	
Jahangir Siddiqui & Company Limited	21,051	-	-	-	21,051	488,175	456,175	(31,998)	0.16%	0.00%	0.886%	
	59,543	-	-	(38,492)	21,051	488,175	456,175	(31,998)	0.16%	0.00%	0.886%	
<b>INSURANCE (NON LIFE INSURANCE)</b>												
Adamjee Insurance Company Limited	5,890	-	-	(5,890)	-	-	-	-	0.00%	0.00%	0.00%	
<b>CABLE &amp; ELECTRICAL GOODS (HOUSEHOLD GOODS)</b>												
Pak Elektron Limited	6,540	-	654	-	7,194	160,295	108,486	(51,809)	0.04%	0.01%	0.210%	
<b>TECHNOLOGY &amp; COMMUNICATION (SOFTWARE AND COMPUTER SERVICES)</b>												
Netsol Technologies Limited	25,133	-	-	(25,133)	-	-	-	-	0.00%	0.00%	0.00%	
<b>MISCELLANEOUS (REAL ESTATE INVESTMENT AND SERVICES)</b>												
Pace (Pakistan) Limited	55,800	-	-	-	55,800	311,564	304,668	(6,696)	0.10%	0.02%	0.57%	
<b>TOTAL INVESTMENTS</b>	<b>152,906</b>	<b>-</b>	<b>654</b>	<b>(69,515)</b>	<b>84,045</b>	<b>959,832</b>	<b>869,329</b>	<b>(90,503)</b>	<b>-</b>	<b>-</b>	<b>-</b>	

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

6.1.1 These share are required to be disposed off under the requirements of CFS MK II Square up Programme, however the management has obtained extension from the SECP for their disposal till 05 June 2010.



**6.1.2 Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets through profit or loss' - net**

	(Un-audited) 31 March 2010	(Audited) 30 June 2009
	----- Rupees -----	
Market value of securities	869,329	2,967,327
Less: carrying value of securities	<u>(959,832)</u>	<u>(4,945,144)</u>
	<u>(90,503)</u>	<u>(1,977,817)</u>

**6.2 Fixed income and other debt securities - Sukuk Bonds**

	Profit / mark-up rate	Maturity Date	Closing balance as at 31 March 2010	Value as a percentage of net assets	Value as percentage of investment
Three Star Hosiery Mills (Private) Limited	6 months + 325 basis points	August 2013	11,250,000	3.77%	21.09%
BRR Guardian Modaraba	6 months + 130 basis points	July 2014	<u>18,707,380</u> <u>29,957,380</u>	6.20%	34.68%
				(Un-audited) 31 March 2010	(Audited) 30 June 2009
				----- Rupees -----	

**6.3 Fixed income and other debt securities - Certificates of investment**

Al-Zamin Leasing Corporation Limited	17,500,000	20,000,000
Trust Investment Bank Limited	5,000,000	-
Orix Investment Bank Pakistan Limited	-	20,000,000
Saudi Pak Industrial and Agriculture Investment Bank Limited	-	28,000,000
	<u>22,500,000</u>	<u>68,000,000</u>

These certificates carry mark-up rate of 13.5% to 18% (30 June 2009: 14% to 18%) per annum and will mature between 30 January 2010 to 20 April 2010 (30 June 2009: 20 July 2009 to 18 September 2009).

**7. CONTINGENCIES**

The Finance Act, 2008 brought an amendment in section 2 (f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) with the intention to make the definition of "Industrial Establishment" applicable to any establishment to which the West Pakistan Shop and Establishment Ordinance, 1969 applies. As a result of this amendment it can be construed that the WWF Ordinance is applicable to all Collective Investment Schemes (CIS) whose income exceeds Rs. 0.5 million in a tax year, thus rendering them liable to pay two percent of their total income (as defined in section 4 of the WWF Ordinance). However, during the period the Mutual Fund Association of Pakistan (MUFAP) has filed a constitutional petition in the High Court of Sindh praying it to declare that CIS are not liable to pay contribution to the WWF on the grounds that CIS are not covered in the definition of Industrial Establishment. The legal proceedings in respect of the aforementioned petition are currently in progress.

The Management Company based on the advice of the MUFAP's legal counsel, is confident of a favourable decision and accordingly no provision for the aforementioned liability for the and nine months period ended 31 March 2010 has been made in this condensed interim financial information.



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

- 8.1 Connected persons include National Asset Management Company Limited (NAMCO) being the Management Company, First Dawood Investment Bank Limited being the trustee of the Fund, First National Equities Limited being the broker of the Fund, NAMCO employees' provident fund and directors and officers of the Management Company.
- 8.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 8.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

	Nine months ended	
	31 March 2010	31 March 2009
	----- Rupees -----	
<b>National Asset Management Company Limited</b>		
<b>- Management Company</b>		
Remuneration of Management Company	2,797,864	2,727,557
Units issued 65,933 units (2009: 859,714 units)	-	86,042,152
Units Redeemed 65,933 units (2009: 61,919 units)	6,730,408	6,252,451
<b>National Asset Management Company Limited</b>		
<b>- Employees Provident Fund</b>		
Units issued 3,330 units (2009: 34,028 units)	-	3,438,954
<b>First National Equities Limited</b>		
Units issued 16,097 (2008: 200,000 units)	-	20,000,000
Units Redeemed 11,141 units (2009: Nil units)	1,137,268	-
<b>First Dawood Investment Bank Limited - Trustee</b>		
Units issued 25,567 (2008: 280,598 units)	-	28,075,027
Remuneration of Trustee	335,744	327,307
<b>Chief Executive Officer</b>		
Units issued 24 (2009: 268 units)	-	26,953
<b>Spouse of Chief Executive</b>		
Units issued 19 (2009: 164 units)	-	16,439
<b>Executives of the Management Company</b>		
Units issued 119 units (2009: 1,249 units)	10,000	125,546
	(Un-audited)	(Audited)
	31 March	30 June
	2010	2009
	----- Rupees -----	
<b>8.4 Amount outstanding as at period end</b>		
<b>National Asset Management Company Limited</b>		
<b>- Management Company</b>		
Management fee payable to Management Company	310,967	293,570
Preliminary expenses and floatation costs payable	1,397,020	1,733,448
Investment held by the Management Company in the Fund 775,648 units (2009: 775,707 units)	79,177,760	68,242,466



## NAMCO INCOME FUND

	(Un-audited) 31 March 2010	(Audited) 30 June 2009
	----- Rupees -----	
<b>National Asset Management Company Limited - Employees Provident Fund</b>		
Investment held in the Fund 44,073 units (2009: 35,847 units)	<b>4,498,950</b>	3,275,801
<b>First National Equities Limited</b>		
Investment held in the Fund 165,185 units (2009: 200,000 units)	<b>16,862,002</b>	17,438,603
<b>First Dawood Investment Bank Limited - Trustee</b>		
Investment held by trustee in the Fund 313,749 units (2009: 288,455 units)	<b>32,027,341</b>	25,618,174
Trustee fee payable to Trustee	<b>37,316</b>	35,229
<b>Chief Executive Officer</b>		
Investment held by the Chief Executive in the Fund 299 units (2009: 275 units)	<b>30,522</b>	25,000
<b>Spouse of Chief Executive</b>		
Investment held by the Spouse of the Chief Executive Officer in the Fund 237 units (2009: 218 units)	<b>24,193</b>	20,000
<b>Executives of the Management Company</b>		
Investment held by the Executives of the Management Company in the Fund 1,501 units (2009: 1,284 units)	<b>153,221</b>	115,000

### 9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The management company intends to distribute not less than 90% of the said accounting income to comply with the above stated clause and regulation. Accordingly, no tax provision has been made in this condensed interim financial information for the nine months period ended 31 March 2010.

### 10. GENERAL

- 10.1 This condensed interim financial information was authorised for issue by Board of Directors of the Management Company on 20th April 2010.

For National Asset Management Company Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director