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FUND'S INFORMATION

BMA Asset Management Company Limited
801 Unitower. I.I. Chundrigar
Road, Karachi-74000

Board of Directors of the Management Company

Mr. Waqar Hassan Siddique	Chairman
Mr. Muddassar Malik	Chief Executive
Mr. Abdullah Shahin	Director
Mr. Omer Syed	Director
Mr. Thomas James Speechley	Director
Mr. Tashfin I. Huq	Director
Mr. Zahid Qasim Noorani	Director
Mr. Muhammad Iqbal	Director

Company Secretary & CFO of the Management Company

Mr. Faisal Ali Khan

Audit Committee of the Management Company

Mr. Muhammad Iqbal	Chairman
Mr. Tashfin I. Huq	
Mr. Zahid Qasim Noorani	

Trustee

MCB Financial Services Limited
3rd Floor Adamjee House I.I. Chundrigar Road Karachi

Bankers

Standard Chartered Bank Pakistan Limited
KASB Bank Limited
JS Bank Limited
Bank Al-Habib Limited
Faysal Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Silk Bank Limited

Distributors

Standard Chartered Bank Pakistan Limited
BMA Financial Services Limited

Auditors

Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Progressive Plaza, Beaumont Road, Karachi

Legal Adviser

KMS Law Associates
207, Beaumont Plaza behind PIDC House, Karachi

Registrar

Technology Trade (Pvt.) Limited
Dagia House, 241C, Block 2, PECHS Karachi

Fund Stability Rating

Rating under process

Management Quality Rating

Rating under process

MISSION STATEMENT

The BMA Chundrigar Road Savings Fund seeks to provide its investors attractive income with concern for preservation of capital by investing in all fixed income and money market instruments of low risk and short duration to generate attractive rates of return. The Fund will seek to maintain a rupee-weighted average maturity of the investment portfolio of not more than 365 days. The benchmark shall be average one month Kibor rate prevailing within the particular time period.

VISION STATEMENT

BMA Asset Management seeks to establish itself as a leader within the asset management industry of Pakistan by following the principles of prudent investment practice and keeping our fiduciary responsibility towards our investors as the core belief to our investment philosophy.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of BMA Asset Management Company Limited, the Management Company to BMA Chundrigar Road Savings Fund (BCSF) is pleased to present its report and financial statements of the Fund for the period ended December 31, 2011.

PROFILE

The launch announcement of the BMA Chundrigar Road Savings Fund (“BCSF”) was made on 14 August, 2007, Pakistan’s 60th year of independence and BCSF was formally launched on 23rd August. The BCSF seeks to provide its investors with an attractive rate of return by investing in all fixed income and money market instruments of low risk and short duration. The fund’s aim is to maintain a rupee-weighted average maturity for the investment portfolio of not more than 5 years. The benchmark for our return is one month KIBOR and all investment returns obtained from the Fund are exempt from capital gains, withholding and income tax.

FUND’S FINANCIAL PERFORMANCE

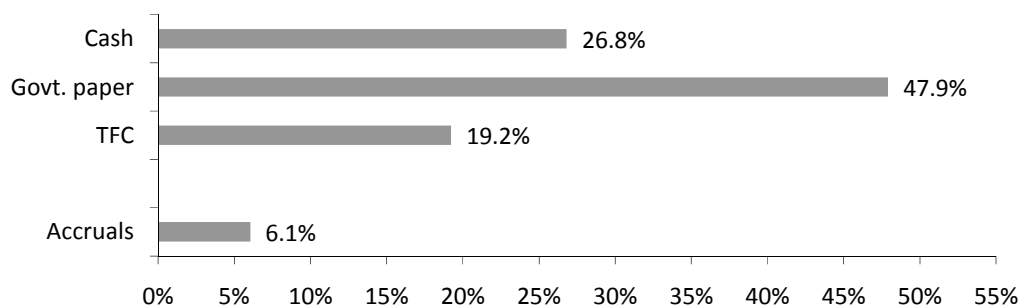
During 1HFY12 (Jul11- Dec11) the Fund earned Rs. 1.82 mn from income on investments, bank balances and term deposits. Unrealized gain on investments equalled Rs. 4.31 mn. Loss on sale of investments equalled Rs. 29.09 mn. Total income thus came to a negative Rs. 44.59 mn.

Expenses for the period totalled Rs. 2.83 mn and consisted of Rs. 0.18 mn remuneration to the trustee of the fund, Rs. 0.04 mn fee to the SECP and Rs. 0.84 mn remuneration to the management company. As a result the fund earned a net loss for the half year equal to Rs. 47.41 mn.

Financial highlights	December 31, 2011
	Rupees
Mark up/interest income	1,822,423
Loss on sale of investments	(29,092,907)
Element of income	(21,764,865)
Total Income	(44,585,791)
Expenses	2,826,019
Net Income	(47,411,810)
Net Asset Value per unit (Rupees)	6.9613

As of 31 December the net assets of the Fund were Rs. 122.4 mn, of which 26.82% was held as cash, TFCs comprised 19.22% while exposure to T bills was built up to 47.91%. The weighted average time to maturity of the portfolio as of 31 December was 0.99 years.

Asset Allocation [31.12.11]



RETURN DURING THE PERIOD FOR INVESTORS

During the half year ended 31 December the Fund had generated an annualized return of -53.3%.

RECENT DEVELOPMENTS

Due to the repeated defaults by a significant portion of the Fund's corporate debt holdings a provision was made against them in Oct 11 in accordance with board approved policy. In an attempt to improve the fund's credit quality and liquidity profile some of the less desirable portfolio holdings were off loaded. As a result almost 80% of net assets are now rated AA and above and the fund has significantly improved its ability to meet cash flow requirements. With provisioning reversals and principal prepayments being booked the fund has generated an absolute return of 15.31% (as of 31 December 2011) since the restructuring took place.

MACROECONOMIC OUTLOOK

During 2QFY12 the market veered between optimism and pessimism regarding the extent of monetary easing. After cutting the discount rate by a further 150 bps to 12.0% in Oct11, the SBP chose to keep interest rates stable in its Nov11 and Jan12 policy reviews. We had highlighted the risks to the sustainability of the easing cycle last quarter which included resurgence of inflationary pressures, uncontrolled fiscal borrowing and a vulnerable current account.

With export growth not materializing as projected and consistently high oil prices, the trade deficit has increased by 32.0% to \$7.6 bn for the period Jul11-Dec11. Unfortunately at the same time the surplus on the financial account has declined by over 90% to just \$97 mn which has resulted in a balance of payments deficit of \$1.8 bn as compared to a surplus of \$0.97 bn during 1HFY11. With foreign receipts (IMF LoC, CSF, Kerry-Lugar, FoDP, Eurobond, 3G auction, privatization) yet to materialize and debt repayments of \$3.7 bn over the next 12 months, sustainability of FX reserves at \$16.7 bn and PKR:USD parity at 90 becomes extremely problematic in FY12.

Just as significant is the quantum of government borrowing from scheduled banks and the SBP, with the latter reversing a stabilizing trend seen for most of 2011. As per the latest money supply data, borrowing from banks has increased by Rs. 624.1 bn or 45.6% while SBP borrowing has jumped by 19.3% or Rs. 222.4 bn during FY12. An unbalanced budget and a projected fiscal deficit approaching 7.0% of GDP becomes doubly worrying when the government does not have recourse to foreign borrowing/grants. This puts the entire burden of fiscal indiscipline on the domestic economy, leads to private sector crowding out and undesirable/inflationary increases in the monetary base. Both of which do not bode well for further monetary easing.

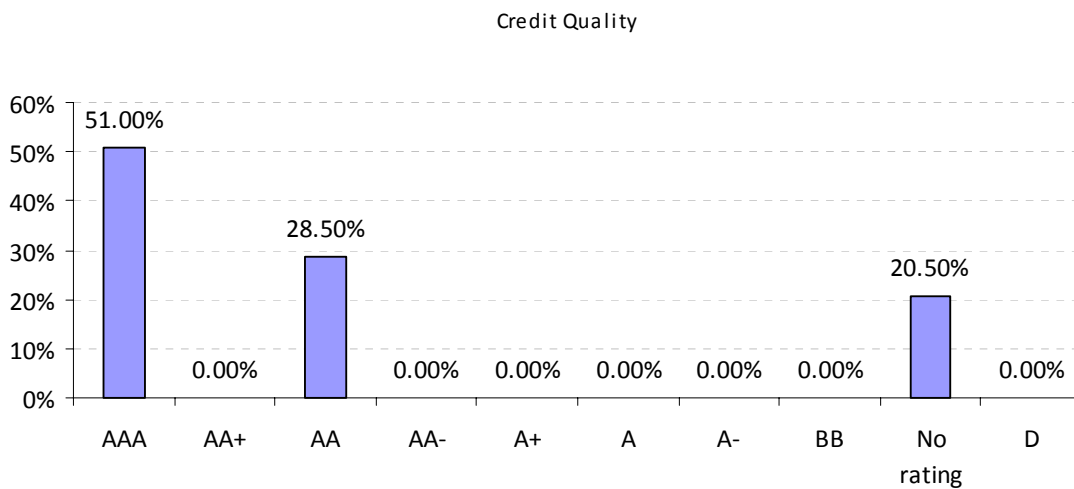
Our confidence in the length and sustainability of monetary easing had always erred on the cautious side. A continuation of the current macroeconomic trends (high external & fiscal deficits, SBP borrowing, FX reserve draw downs, PKR weakness) are not the ideal ingredients for a loose monetary policy and despite real positive interest rates due to single digit inflation could very well prevent the SBP from further easing interest rates and force a reversal over the next 6 months.

While it seems that the interest rate cycle has bottomed out, we cannot entirely rule out another rate cut sometime during 2HFY12 especially as considerations other than purely economic ones are an integral part of the black box of policy level decision making. An improvement in bilateral relations with key allies and the resumption of aid flows would improve the external account and liquidity outlook which would give the SBP room to initiate another round of interest rate cuts.

STRATEGY

In light of the above macroeconomic scenario, BCSF’s strategy is likely to focus on the following;

- Build exposure in high quality and liquid instruments keeping in mind an appropriate risk/reward ratio
- Continue to improve credit quality and liquidity profile
- Ensure liquidity and ability to meet redemptions



Acknowledgement

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan, the Trustees of the Fund, MCB Financial Services Limited and the Registrar, Technology Trade (Pvt) Limited. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the meticulous management of the Fund.

**For and on behalf of the
Board**

Karachi
February 23, 2012

Muddassar Malik
Chief Executive Officer

AUDITORS' REPORT TO THE UNITHOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **BMA CHUNDRIGAR ROAD SAVINGS FUND (the Fund)** as at **31 December 2011** and the related condensed interim income statement and condensed interim statements of comprehensive income, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months' period ended. Management Company (BMA Asset Management Company Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 8 to the condensed interim financial statements which explains the contingency with respect to the provision against Workers' Welfare Fund contribution amounting to Rs. 1.4 million for which no provision has been made in this interim financial information. In this regard, the Management Company of the Fund expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favorably. Our conclusion is not qualified in respect of this matter.

Karachi: February 23, 2012

**Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants**

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

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

BMA Chundrigar Road Savings Fund, an open-end Scheme established under a Trust Deed dated April 19, 2007 executed between BMA Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on May 18, 2007.

1. BMA Asset Management Company Limited, the Management Company of BMA Chundrigar Road Savings Fund, has in all material respects, managed BMA Chundrigar Road Savings Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:
 - (i) the limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

For the purpose of information, the attention of unit holders is drawn towards auditor's report and 8 of the condensed interim financial statements which explains the contingency with respect to the provision against Worker's Welfare Fund contribution amounting to Rs. 1.4 million for which no provision has been made in this interim financial information.

Karachi: February 16, 2012

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2011

	Note	December 31, 2011 Rupees (Un-Audited)	June 30, 2011 Rupees (Audited)
ASSETS			
Bank balances	5	32,537,703	55,263
Investments	6	82,477,978	105,202,489
Mark-up / interest receivable	7	5,962,824	12,659,316
Deposits, prepayments and other receivables		3,175,162	3,121,845
Preliminary expenses and floatation costs		645,878	1,149,435
Total assets		124,799,545	122,188,348
LIABILITIES			
Remuneration payable to the management company		172,985	139,840
Remuneration payable to the trustee		34,430	33,973
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)		41,866	142,958
Payable to unit holders against redemption of units		341,268	-
Accrued expenses and other liabilities		1,802,474	2,719,083
Total liabilities		2,393,023	3,035,854
CONTINGENCY	8	-	-
NET ASSETS		122,406,522	119,152,494
Unit Holders' Fund (as per statement attached)		122,406,522	119,152,494
Number of units in issue		17,583,765	12,517,187
Net asset value per unit – Rupees		6.96	9.52

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

CONDENSED INTERIM INCOME STATEMENT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011
(UN-AUDITED)

Note	Half-year ended		Quarter ended		
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	
----- Rupees -----					
INCOME					
Mark up / interest income	9	1,822,423	12,797,880	7,294,036	4,769,048
Net (loss) / gain on investments 'designated at fair value through profit and loss upon initial recognition'					
Loss on sale of investments 'designated at fair value through profit and loss upon initial recognition' – net		(29,092,907)	(17,353,950)	(29,092,907)	(2,870,311)
Unrealised gain on investments 'designated at fair value through profit and loss upon initial recognition'		4,305,937	30,207,538	4,304,626	3,063,100
		(24,786,970)	12,853,588	(24,788,281)	192,789
Reversal of impairment against investment classified as held to maturity		13,250,000	-	7,250,000	-
Provision against non-performing asset		(13,434,200)	-	(13,434,200)	-
Element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed		(21,764,865)	3,233,385	(20,896,830)	2,081,428
Other income		327,821	256,375	164,919	256,375
Total (loss) / income		(44,585,791)	29,141,228	(44,410,356)	7,299,640
EXPENSES					
Remuneration to the management company	10	836,613	1,954,916	366,731	786,175
Sales tax on management fee		133,858	-	58,677	-
Remuneration to the trustee		178,692	265,651	78,145	117,270
Annual fee to SECP		41,866	97,746	18,336	39,309
Custody and settlement charges		21,546	25,767	15,864	11,687
Amortisation of preliminary expenses and floatation costs		503,556	503,556	251,778	251,778
Brokerage		58,235	72,283	58,235	14,986
Auditors' remuneration		295,391	244,668	176,824	128,557
Bank charges		1,489	6,052	725	2,433
Legal and professional charges		530,000	-	-	-
Other expenses		224,773	209,778	119,774	118,478
Total expenses		2,826,019	3,380,417	1,145,089	1,470,673
Net (Loss) / Income		(47,411,810)	25,760,811	(45,555,445)	5,828,967
Earnings per unit	11	-	-	-	-

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011
(UN-AUDITED)

	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	----- Rupees -----			
Net (loss) / income for the period	(47,411,810)	25,760,811	(45,555,445)	5,828,967
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(47,411,810)	25,760,811	(45,555,445)	5,828,967

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For BMA Asset Management Company Limited
(Management Company)

Muddassar Malik
Chief Executive Officer

Tashfin I Huq
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011
(UN-AUDITED)

	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	----- Rupees -----			
Undistributed (loss) / income brought forward	(5,916,986)	17,584,232	(7,773,351)	(467,399)
[includes unrealized loss on investments of Rs. 57,951,944 (2010: Rs. 8,518,438) realized loss of Rs. 226,401,090 (2010: Rs. 170,246,870)]				
Final distribution at the rate of 1.12 per unit for the year ended 30 June 2010 approved on 07 July 2010	-	(37,983,475)	-	-
Net (loss) / income for the period	(47,411,810)	25,760,811	(45,555,445)	5,828,967
Undistributed (loss) / income carried forward	<u>(53,328,796)</u>	<u>5,361,568</u>	<u>(53,328,796)</u>	<u>5,361,568</u>
[includes unrealized loss on investments of Rs. 24,728,731 (2010: Rs. 61,788,754) and realized loss of Rs. 290,925,105 million (2010: Rs. 208,062,692)]				

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UN-AUDITED)

	December 31, 2011	December 31, 2010
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	(47,411,810)	25,760,811
Adjustments for:		
Mark up / interest income	(1,822,423)	(12,797,880)
Loss on sale of investments 'designated at fair value through profit and loss upon initial recognition' – net	29,092,907	17,353,950
Unrealised gain on investments 'designated at fair value through profit and loss upon initial recognition' – net	(4,305,937)	(30,207,538)
Amortisation of preliminary expenses and floatation cost	503,556	503,556
Provision against non performing asset – net	184,200	-
Other income	(327,821)	(256,375)
Element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	21,764,865	(3,233,385)
	45,089,347	(28,637,672)
Increases in assets		
Deposit, prepayments and other receivables	(53,317)	(16,740)
(Decrease) / Increase in liabilities		
Payable to the management company	33,145	(225,236)
Annual fee payable to SECP	(101,092)	(594,625)
Remuneration payable to the trustee	457	(21,598)
Payable against redemption of units	341,268	(413,161)
Accrued expenses and other liabilities	(916,609)	(1,007,058)
	(642,831)	(2,261,678)
Purchase of investments	(68,549,754)	(88,284,863)
Proceeds from sale / redemption of investments	66,303,096	243,828,865
Markup / interest income received	8,846,736	18,444,585
	3,581,467	168,833,308
Net cash generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	46,620,066	17,700,000
Payments for redemption of units	(17,719,093)	(220,328,152)
	28,900,973	(202,628,152)
Net cash generated from / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents	32,482,440	(33,794,844)
Cash and cash equivalents at beginning of the period	55,263	34,457,434
Cash and cash equivalents at the end of the period	32,537,703	662,590

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011
(UN-AUDITED)

	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
----- Rupees -----				
Net assets at the beginning of the period	119,152,494	356,015,483	123,408,217	250,814,225
Cash received on issuance of units*	46,620,066	17,700,000	36,620,068	2,000,000
Cash paid / payable on redemption of units**	(17,719,093)	(220,328,152)	(12,963,148)	(80,647,007)
	28,900,973	(202,628,152)	23,656,920	(78,647,007)
	148,053,467	153,387,331	147,065,137	172,167,218
Element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	21,764,865	(3,233,385)	20,896,830	(2,081,428)
Net (loss) / income for the period	(47,411,810)	25,760,811	(45,555,445)	5,828,967
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(47,411,810)	25,760,811	(45,555,445)	5,828,967
Net assets at the end of the period	122,406,522	175,914,757	122,406,522	175,914,757
----- Number of units -----				
* Number of units issued [includes nil bonus units (2010: 4,043,893)]	7,034,225	5,710,490	5,915,219	196,327
** Number of units redeemed	1,967,647	22,498,296	1,459,834	8,269,170

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 BMA Chundrigar Road Savings Fund (the Fund) was established in Pakistan under a Trust Deed executed on April 19, 2007 between BMA Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee and authorised under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) by Securities and Exchange Commission of Pakistan (SECP) on May 18, 2007.
- 1.2 The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules by the SECP. The registered office of the Management company is situated at 801 Unitower, I.I. Chundrigar Road, Karachi.
- 1.3 The Fund is an open-ended fixed income aggressive mutual fund listed on the Karachi Stock Exchange (Guarantee) Limited. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund except for the units issued to core investors which are not redeemable for a period of two years from the date of issue.
- 1.4 The Fund seeks to provide its investors attractive income with concern for preservation of capital by investing in all fixed income and money market instruments of low risk and short duration to generate attractive rates of returns.
- 1.5 Title to the assets of the Fund is held in the name of MCB Financial Services Limited as a trustee of the Fund.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard – 34 “Interim Financial Reporting” as applicable in Pakistan, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where the requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2011.
- 2.3

These condensed interim financial statements are unaudited but subject to limited scope review by the auditor.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2011 except as follows:

New and amended standards and interpretations

The Fund has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

IFRS 7 – Financial Instruments: Disclosures
 IAS 24 – Related Party Disclosure (Revised)
 IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

- IFRS 7 - Financial Instruments: Disclosures
 - Clarification of disclosures
- IAS 1 - Presentation of Financial Statements
 - Clarification of statement of changes in equity
- IFRIC 13 - Presentation of Financial Statements
 - Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any effect on these condensed interim financial statements except for the enhanced disclosure requirements of the amended IAS 34 regarding transfers between different levels of fair value hierarchy.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Fund's accounting policies and the key sources of estimating uncertainty are the same as those that applied to the financial statements as at and for the year ended June 30, 2011.

	Note	December 31, 2011 (Rupees) (Un-Audited)	June 30, 2011 (Rupees) (Audited)
5. BANK BALANCES			
Current accounts		1,633	5,721
PLS savings account	5.1	<u>32,536,070</u>	<u>49,542</u>
		<u>32,537,703</u>	<u>55,263</u>

5.1 These carry mark-up rates ranging from 4.89% to 11.35% per annum (June 30, 2011: 4.89% to 12.35%).

	Note	December 31, 2011 (Rupees) (Un-Audited)	June 30, 2011 (Rupees) (Audited)
6. INVESTMENTS			
Designated at fair value through profit or loss upon initial recognition			
- Listed term finance certificates	6.2	-	13,434,200
- Unlisted term finance certificate and sukus	6.3	23,581,166	91,768,289
- Government securities	6.4	58,896,812	-
		82,477,978	105,202,489
Held to maturity			
Certificate of Investment	6.5	-	-
		<u>82,477,978</u>	<u>105,202,489</u>

6.1 Cost of investments amount to Rs. 140,268,183 (June 30, 2011: Rs. 163,154,873).

6.2 Listed term finance certificates

All term finance certificates have a face value of Rs.5,000 unless stated otherwise.

Name of Security	Note	As at July 01, 2011	Purchased during the period	Sold During the period	As at December 31, 2011	Carrying Value	Percentage of	Percentage of
						as at December 31, 2011	total investment on the basis of carrying value	investment in relation to net assets of the fund
						(Rupees)		
Quoted								
Banks								
NIB Bank		-	2000	2000	-	-	-	-
Miscellaneous								
Pace Pakistan Limited (15-02-08)	6.2.1	4,000	-	-	4,000	13,434,200		
Less: provision against non-performing asset						(13,434,200)		
Total						-	-	-

6.2.1 Provision against non-performing debt securities

During the period Pace Pakistan Limited failed to fulfill its obligations of principal and interest payments on TFC issued on February 15, 2008 and was classified as non-performing by MUFAP. In accordance with SECP Circular No. 01 dated 06 January 2009 the interest payment due amounting to Rs. 1.17 million has been reversed and no further accruals have been booked against the security. Furthermore as this was the second default by Pace Pakistan Limited after initial restructuring the management in accordance with the provisioning policy approved by the board decided to fully provide against this security given the lack of price discovery, absence of liquidity and poor financial outlook.

6.3 Unlisted term finance certificates and sukuks

All term finance certificate and sukuk certificates have a face value of Rs.5,000 unless stated otherwise.

Name of Security	As at July 01, 2011	Purchased during the period	Sold During the period	As at December 31, 2011	Carrying Value as	Percentage of	Percentage of
					at December 31, 2011	total investment on the basis of carrying value	investment in relation to net assets of the fund
					(Rupees)		
Unquoted							
Cement							
Maple Leaf Cement - Sukuk Issue (03-12-07)	19,000	-	19,000	-	-	-	-
Kohat Cement Limited – Sukuk Issue (20-12-07)	10,000	-	-	10,000	23,581,166	28.59%	19.26%
Cable & electronics							
New Allied Electronics (Private) Limited- term finance certificates (15-05-07)	10,000	-	-	10,000	21,472,757	-	-
New Allied Electronics (Private) Limited – Sukuk Issue (22-07-07)	16,000	-	-	16,000	4,721,001	-	-
Provision against New Allied Electronics (Private) Limited- Term Finance Certificates and sukuk Issue					(26,193,758)	-	-
Total					23,581,166	28.59%	19.26%

6.4 Government securities

Type of Instrument	Issue date	Tenor (months)	Face Value	(Quantity)				Fair Value as at December 31, 2011 (Rupees)	Percentage of total investments on the basis of carrying value	Percentage of net assets on the basis of carrying value	
				As at July 01, 2011	Purchased during the period	Sold during the period	Matured during the period				As at December 31, 2011
T-Bill	3-Nov-11	3	100	-	250,000	-	-	250,000	24,798,059	30.06%	20.26%
T-Bill	29-Dec-11	3	100	-	350,000	-	-	350,000	34,098,753	41.34%	27.86%
Total									58,896,812	71.40%	48.12%

December 31, 2011
(Rupees)
Note (Un-Audited)

June 30, 2011
(Rupees)
(Audited)

6.5 Held to Maturity
Certificate of Investment (COI)

First Dawood Investment Bank Limited
 Payment received during the period

35,000,000	35,000,000
(13,250,000)	-
21,750,000	35,000,000

Provision for impairment against investment classified as held to maturity

6.5.1	(21,750,000)	(35,000,000)
	-	-

6.5.1 First Dawood Investment Bank Limited (FDIBL) made a default in repayment against COI amounting to Rs. 35 million, on 23 October 2008. The Fund filed a suit for the recovery of its investment. The suit was heard in the Banking Court No.III at Karachi and a decree was issued in favor of the Fund on May 07, 2010. FDIBL has appealed against the decree obtained by the Fund in the High Court of Sindh, Karachi, which was disposed on August 08, 2011 after the parties submitted a compromise application. A compromise has been reached with FDIBL vide which FDIBL has agreed to pay Rs. 35 million in five installments till August 2012. The management, on the basis of prudence, has decided to reverse the provision gradually upon receipt of each installment under the said arrangement.

6.6 Details of Non-compliant investments with the investment criteria of assigned category and constitutive documents

Name of non-compliant investment	Type of investment	Value of Investment before provision	Provision held if any	Value of investment after provision	% of Net Assets	% of Gross Assets
------(Rupees)-----						
Kohat Cement Limited – sukuk (13-12-07)	Sukuk	23,581,166	-	23,581,166	19.26%	18.90%

December 31, 2011
(Rupees)
(Un-Audited)

June 30, 2011
(Rupees)
(Audited)

7. MARK-UP / INTEREST RECEIVABLE

On Bank deposits	669,556	2,515
Investments		
-Term finance certificates / sukuku	5,293,268	12,656,801
	5,962,824	12,659,316

8. CONTINGENCY

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

During last year, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated October 06, 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated January 04, 2011 have cancelled its earlier letter dated October 06, 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by SHC on the basis of the pending constitutional petition in the said court as referred above.

During the current period, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC.

Hence, the Management Company believes that there is no need to make provision on account of WWF contribution in the condensed interim financial statements amounting in aggregate to Rs. 1.4 million. Further, the Management Company also expects that the constitutional petition pending in the SHC on the subject as referred above will be decided in favour of the mutual funds.

9. MARK-UP / INTEREST INCOME

	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	-----Rupees-----			
	----- (Unaudited) -----			
On:				
- Bank balance and term deposit accounts	1,647,565	3,112,668	1,255,745	1,443,107
- Investments				
Term Finance certificates and sukuk certificates	12,481,676	8,912,542	5,930,152	3,325,941
Government securities	108,139	772,670	108,139	-
Reversal of markup income on investments classified as non-performing	9.1 (12,414,957)	-	-	-
	<u>1,822,423</u>	<u>12,797,880</u>	<u>7,294,036</u>	<u>4,769,048</u>

- 9.1** During the period Pace Pakistan Limited and Maple Leaf Cement Factory failed to fulfill its obligations of principal and interest payments on TFC issued on February 15, 2008 and TFC issued on December 03, 2007 respectively. The said issues were classified as non-performing by MUFAP. In accordance with SECP Circular No. 01 dated 06 January 2009 the interest payment due amounting to Rs. 1.7 million and Rs.10.7 million has been reversed.

10. SALES TAX ON MANAGEMENT FEE

During the current period, an amount of Rs. 133,858 (December 31, 2010: Rs. Nil) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

11. EARNINGS PER UNIT

Earnings per unit (EPU) for the period has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

12. 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 to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial statements.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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 value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1 : Quoted prices in active markets for identical assets or liabilities.
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
-----Rupees-----				
At fair value through profit or loss				
- Government Securities	-	58,896,812	-	58,896,812
- Debt securities	-	23,581,166	-	23,581,166
	<u>-</u>	<u>82,477,978</u>	<u>-</u>	<u>82,477,978</u>
	June 30, 2011			
	Level 1	Level 2	Level 3	Total
-----Rupees-----				
At fair value through profit or loss				
- Debt securities	-	105,202,489	-	105,202,489
	<u>-</u>	<u>105,202,489</u>	<u>-</u>	<u>105,202,489</u>

The table below shows the reconciliation of all movements in the fair value of all financial instruments categorized within Level 3 between the beginning and end of the period / year.

December 31, 2011	At fair value through profit or loss upon initial recognition	Total
	-----Rupees-----	
Opening Balance	-	-
Transfers from Level 2 to Level 3	13,434,200	13,434,200
Provision for Impairment	(13,434,200)	(13,434,200)
Closing Balance	<u>-</u>	<u>-</u>

June 30, 2011	At fair value through profit or loss upon initial recognition	Total
	-----Rupees-----	
Opening Balance	84,287,918	84,287,918
Transfers from Level 3 to Level 2	(36,225,000)	(36,225,000)
Reversal of provision for impairment	(48,062,918)	(48,062,918)
Closing Balance	-	-

There have been no transfers to and from Level 1 during the period.

In accordance with Circular No. 1 of 2009 issued by SECP, all traded debt securities are valued on the basis of their volume weighted average price during the last 15 days while thinly traded and non traded debt securities are valued using a valuation methodology devised by MUFAP which use variables including yields on government securities, Karachi Inter Bank Offer Rates and credit ratings. As the valuation techniques use inputs from observable market data, these securities are classified as Level 2. Rates for non-performing securities, however, are not quoted by MUFAP and are valued using the provisioning criteria prescribed by the abovementioned circular and are hence classified as Level 3.

Therefore, default on installment amounts by investee company results in transfer into Level 3 while subsequent classification of a defaulting security as performing will result in transfer from Level 3 to Level 2.

14. TRANSACTIONS WITH CONNECTED PERSON

Related parties / Connected persons include BMA Asset Management Company Limited (the Management Company), BMA Empress Cash Fund, BMA Capital Management Limited (the holding company of the Management Company), BMA Financial Services Limited and MCB Financial Services Limited (the Trustee). Transactions with connected persons can be summarised as follows:

	Half-year ended		Half-year ended	
	December 31,	December 31,	December 31,	December 31,
	2011	2010	2011	2010
	-----Units-----		-----Rupees-----	
	------(Unaudited)-----			
Transaction with connected person / related parties				
BMA Asset Management Company Limited (the Management Company)				
- Issue of units	4,879,874	-	30,000,000	-
Units holders with holding of 10% and above				
BMA FUNDS LIMITED				
- Issue of units	1,119,006	-	9,999,997	-
MCB Bank Limited Staff Provident Fund				
- Issue of units	-	470,191	-	4,416,407
Zareen Gulgee				
- Issue of units	-	276,863	-	2,600,521
Directors and executives of the Management Company				
- Issue of units	17,735	5,014	108,961	47,097
- Redemption of units	-	12,599	-	115,350

	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	-----Rupees----- ------(Unaudited)-----			
BMA Asset Management Company Limited (the Management Company)				
- Remuneration to the Management Company	<u>836,613</u>	<u>1,954,916</u>	<u>366,371</u>	<u>786,175</u>
MCB Financial Services Limited-the Trustee				
- Trustee fee	<u>178,692</u>	<u>265,651</u>	<u>78,145</u>	<u>117,270</u>
Al Abbas Sugar Mills Limited				
- TFCs Income	<u>-</u>	<u>1,473,573</u>	<u>-</u>	<u>-</u>
	December 31, 2011 -----Units----- (Un-Audited)	June 30, 2011 -----Units----- (Audited)	December 31, 2011 -----Rupees----- (Un-Audited)	June 30, 2011 -----Rupees----- (Audited)
Units Held by:				
- Directors and executives of the Management Company	<u>52,126</u>	<u>34,391</u>	<u>362,782</u>	<u>307,194</u>
Units holders with holding of 10% and above				
- MCB Bank Limited Staff Provident Fund	<u>4,406,382</u>	<u>4,406,382</u>	<u>30,667,096</u>	<u>39,359,525</u>
- BMA Asset Management Company Ltd	<u>4,879,874</u>	<u>-</u>	<u>33,962,458</u>	<u>-</u>
- BMA Funds Limited	<u>2,081,165</u>	<u>448,324</u>	<u>14,484,284</u>	<u>4,004,609</u>
			December 31, 2011 -----Rupees----- (Un-Audited)	June 30, 2011 -----Rupees----- (Audited)
Balances with connected persons / related parties				
MCB Financial Services Limited-the Trustee				
- Remuneration payable to Trustee			<u>34,430</u>	<u>33,973</u>
BMA Asset Management Company Limited				
- Payable to Management company			<u>172,985</u>	<u>139,840</u>
- Preliminary expenses and floatation costs due to Management Company			<u>1,000,000</u>	<u>2,000,000</u>

15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 23, 2012.

16. GENERAL

16.1 Figures for the quarter ended December 31, 2011 and the corresponding figures for the quarter ended December 31, 2010 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

16.2 Figures have been rounded off to the nearest rupee.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**