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FUND'S INFORMATION**Management Company**

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

CFO & Company Secretary 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	

Human Resource and Remuneration Committee

Mr. Tashfin I. Huq
Mr. Muhammad Iqbal
Mr. Muddassar Malik

Trustee

MCB Financial Services Limited
Trustee Office 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 year ended June 30, 2012.

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.

FUND’S FINANCIAL PERFORMANCE

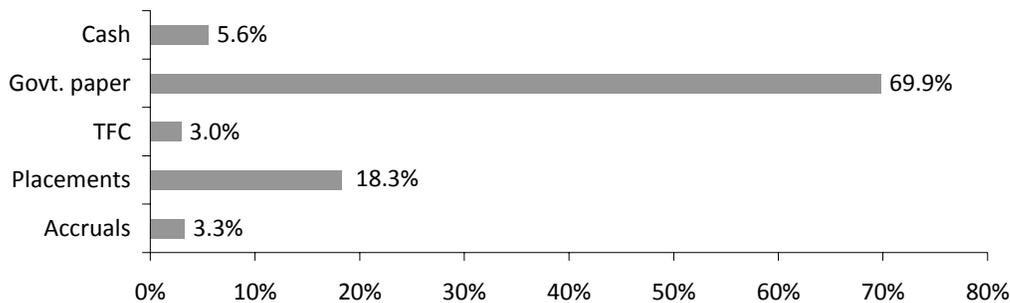
During FY12 the Fund earned Rs. 20.16 mn from income on investments, bank balances and term deposits. Loss on investments equalled Rs. 30.38 mn. Reversal of impairment generated another Rs. 27.75 mn. Element of income from issue/redemption of units was Rs. -107.16 mn. Total income thus came to Rs. -89.14 mn.

Expenses for the period totalled Rs. 6.61 mn and consisted of Rs. 0.46 mn remuneration to the trustee of the fund, Rs. 0.15 mn fee to the SECP and Rs. 2.98 mn remuneration to the management company. As a result net income for the year was Rs. -95.75 mn.

Financial highlights	June 30, 2012
	Rupees
Mark up/interest income	20,159,165
Loss on investments	(30,384,332)
Provision reversal	27,750,000
Element of income	(107,154,869)
Total Income	(89,140,585)
Expenses	6,608,840
Net Income	(95,749,425)
Net Asset Value per unit (Rupees)	7.9017

As of 30 June the net assets of the Fund were Rs. 383.23 mn, of which 5.61% was held as cash, TFCs comprised 2.96% while exposure to T bills and placements was built up to 69.85% and 18.27% respectively. The weighted average time to maturity of the portfolio as of 30 June was 75 days.

Asset Allocation [30.06.12]


RETURN DURING THE PERIOD FOR INVESTORS

During FY12 the Fund generated an annualized return of -16.94%.

RECENT DEVELOPMENTS

Following the restructuring of the fund in October 2011 the fund has seen significant improvements in returns, credit quality and liquidity profile. Since October 17th 2011 the fund has generated an absolute return of 30.89% till June 30 2012. Moreover over 95% of net assets are now rated AA and above. With a major allocation to T bills the ability of the fund to meet redemptions and remain flexible in an uncertain macroeconomic environment has improved tremendously.

MACROECONOMIC OUTLOOK

Fiscal year 2013 started off on a more optimistic note with inflation dropping to single digits in July (9.6%) and August (9.0%). More importantly the economy received a much needed boost from the receipt of \$1.1 bn in outstanding Coalition Support Fund dues. With investment as a percentage of GDP dropping to just 12.0% the SBP deemed it appropriate to cut the discount rate by 150 bps to 10.5% in its 10th August 2012 monetary policy review. This was against our view in the last report in which we expected that space for further easing would be limited and that monetary tightening would occur in 2HCY12. The market is confident of further cuts and the possibility of a single digit policy rate cannot be ruled out as the SBP brings real interest rates down in light of lower inflation data.

While there has been positive news in the short term we fear that macroeconomic headwinds will intensify from 2HFY13 onwards. FX reserves will remain under pressure as Pakistan has to make debt repayments of almost \$4.0 bn during the current fiscal year. No material improvement in the trade deficit can be expected as oil prices have rebounded 25% from their June lows while commodity prices for food items (wheat, soybeans, corn etc.) are at all time highs. With FDI flows on a consistent decline, Pakistan will remain critically dependent on USD inflows from CSF, Kerry Lugar, 3G auction and Etisilat. The non materialization of these inflows will erode the ability of the country to finance even a small current account deficit.

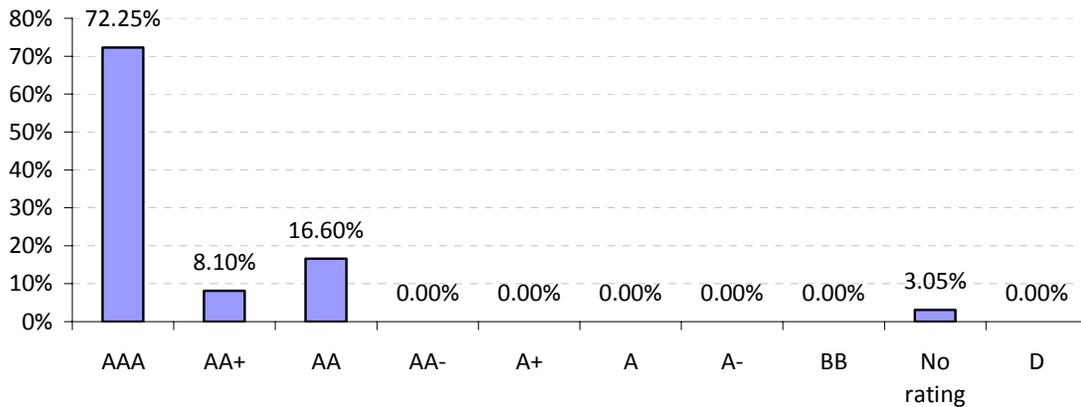
The decline in FX reserves will put pressure on USD:PKR parity and we project a year end level of 102 – 103. PKR depreciation will exacerbate domestic inflation which we expect to return to double digits by December 2012. To mitigate the effects of a problematic balance of payments position we will most probably see a return to the IMF in 2013. Given the fiscal profligacy, resulting monetary overhang and rebounding inflation we do not expect the current monetary easing cycle to last past FY13.

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
- Increase duration with the intention of trading in order to take advantage of falling yields
- Realize gains at the bottom of the interest rate cycle which we expect to occur during 1QCY13

Credit Quality (30.06.12)



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
September 13, 2012**

**Muddassar Malik
Chief Executive Officer**

REPORT OF THE FUND MANAGER

BMA CHUNDRIGAR ROAD SAVINGS FUND
June-12
NAV 7.9017
Fund Returns

Annualized Return (Jun12)	37.72%
Annualized Return (CY12)	27.09%
Annualized Return (FY12)	-16.94%
Portfolio Standard Deviation	0.22%
1M KIBOR Yield (Jun12)	12.14%
1M KIBOR standard deviation	1.37%

Portfolio Characteristics

Assets in PKR MLN (30.06.12)	383.23
NAV/unit in PKR (29.06.12)	7.9017
Portfolio Duration	83 days

Asset Allocation

	Jun	May
Cash	5.61%	5.26%
Placements	18.27%	15.70%
TFCs	2.96%	3.93%
CFS	0.00%	0.00%
PIBs	0.00%	0.00%
T Bills	69.85%	72.67%
Accruals	3.32%	2.43%
Leverage	None	None

Monthly Performance

Month	Return	Benchmark
June-12	37.72%	12.14%
May-12	9.96%	12.03%
April-12	10.58%	12.05%
March-12	58.29%	12.05%
February-12	8.10%	12.04%
January-12	29.04%	12.02%
December-11	145.68%	12.13%
November-11	30.09%	11.92%
October-11	-417.68%	12.01%
September-11	-8.61%	13.52%
August-11	31.53%	13.53%
July-11	-36.97%	13.79%

Investment Committee

Muddassar M. Malik	CEO
Farrukh Hussain	CIO
Mustafa O. Pasha	Fund Manager
Bilal Khan	Member
Ali Najeab	Risk Manager
Hassan Bin Nasir	Secretary

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MUFAP Recommended Format

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

Fund Objective

The BMA Chundrigar Road Savings Fund 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 will seek to maintain a rupee-weighted average maturity for the investment portfolio of not more than 5 years.

Fund Commentary

During Jun12 BCSF generated an annualized return of 37.72% against the 1M KIBOR benchmark of 12.14%. On a 6M basis BCSF was amongst the top performing aggressive income funds with an annualized return of 27.09%. AUMs decreased by 7.5% from Rs. 414.07 mn in May12 to Rs. 383.23 mn in Jun12. Portfolio and benchmark standard deviation were 0.22% and 1.37% respectively. Portfolio duration decreased to 83 days as TFC exposure dropped further to 2.96% while short term T bill holdings decreased to 69.85%. Credit quality continues to improve with over 96.0% of net assets deployed in AA and above rated instruments. Given the significant exposure to liquid T bills, cash holdings were adequate at 5.61%. Exposure to higher yielding quality corporate debt will be made keeping the interest rate environment in mind which is currently tilted towards tightening. However if inflow of significant USD materializes it could potentially create space for monetary easing

Fund Details

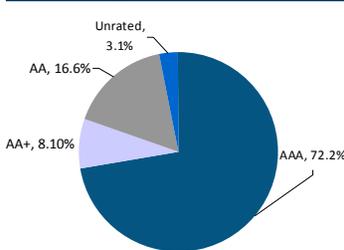
Fund Type	Open End
Category	Aggressive Income Fund
Inception Date	23-Aug-07
Benchmark	1M KIBOR
Dealing Days	Monday – Friday
Cut-off time	4:00 PM
Pricing Mechanism	Forward
Management Fee	1.50%
Front end Load	Upto 1%
Back end Load	Nil
Fund Stability Rating	Under Review
Risk Profile	High Risk
Listing	KSE
Trustee	MCBFSL
Auditor	Ford Rhodes
Transfer Agent	Technology Trade
Legal Advisors	KMS Law Associates

Provisioned Investments

Name	Cost	Provision Held	Carrying Value	% of Net Assets	Portfolio Ratings
New Allied PPTFC	23.61 mn	23.61 mn	0.0 mn	0.00%	AAA, 72.25%
New Allied Sukuk	4.69 mn	4.69 mn	0.0 mn	0.00%	AA+, 8.10%
PACE TFC	19.98 mn	19.98 mn	0.0 mn	0.00%	AA, 16.60%
MLCF SUKUK II	4.50 mn	4.50 mn	0.0 mn	0.00%	A+, 0.00%
					A-, 0.00%
					BB+, 0.00%
					Unrated, 3.06%

TFCs (as a % of Net Assets) 2.96%

Kohat Cement Company	2.96%
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Portfolio Ratings Profile

Economic Outlook

Jun12 CPI moderated to 11.26% as single digit food inflation and drop in transportation costs resulted in a below consensus figure. As a result FY12 inflation was well within the target range at 11.02%. Unfortunately lower inflation was more a result of supply side factors as government borrowing from the SBP continued to climb and stands at Rs. 596.6 bn. FX reserves dropped to \$14.96 bn as IMF debt payments continued and the current account registered a deficit of \$414 mn in May12. Though pressure on the PKR is expected to remain, news flow on the release of \$2.5 bn CSF payments could provide relief and ease pressure on public finances, currency and inter bank liquidity.

Disclosure: The Fund has not made provisions amounting to Rs. 1,373,842 against Workers' Welfare Fund liability, if the same were made on 30 June 2012 the NAV per unit/FY12 return of the Fund would be lower by Rs. 0.028/1.77%. For details investors are advised to read note 10 of the fund's latest financial statements.

KEY FINANCIAL DATA

PERFORMANCE TABLE

	2012	2011	2010	2009	2008
	Rupees	Rupees	Rupees	Rupees	Rupees
Net Assets	383,227,121	119,152,494	356,015,482	1,154,725,161	3,430,251,475
Net asset value per unit	7.90	9.52	10.52	9.69	10.79
Dividend Distribution	-	-	1.12	-	0.77
Selling price for units	7.98	9.62	10.63	9.79	10.90
Repurchase price for units	7.90	9.52	10.52	9.69	10.79
Highest Offer price per unit	9.57	10.87	10.96	10.51	10.89
Lowest Offer price per unit	6.09	8.77	9.87	8.87	10.00
Highest Redemption price unit	9.48	10.76	10.85	10.41	10.79
Lowest Redemption price unit	6.03	8.68	9.77	8.78	10.00
Annual return (%)	-16.94	1.32	8.6	(3.17)	9.28
Weighted average portfolio duration	83 days	5.56 yrs	4.42 yrs	3.08 yrs	2.52 yrs

* The Fund was launched on August 23, 2007.

Disclaimer

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

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 was 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 year ended June 30, 2012 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

Karachi: September 4, 2012

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2012**

This statement is being presented by the Board of Directors of BMA Asset Management Company Limited, the Management Company of BMA Chundrigar Road Savings Fund to comply with the Code of Corporate Governance contained in Regulation No.35, Chapter XI of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes;

Category	Names
Independent Directors	Muhammad Iqbal
	Tashfin I Huq
	Zahid Qasim Noorani
Executive Directors	Muddassar Mazhar Malik
Non-Executive Directors	Waqar Hassan Siddique
	Thomas James Speechley
	Abdullah Shahin
	Omer Syed

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies (including this Fund).
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year ended June 30, 2012.
5. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of 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 Chief Executive Officer, have been taken by the Board.
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 meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors are conversant of the relevant laws applicable to the Management Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Board has approved the appointment of CFO, Company Secretary and M/s Yousuf Adil Saleem & Co. Chartered Accountants (Delloite) as internal auditors, including their remuneration and terms and conditions of employment, as determined by Chief Executive Officer.

11. The Directors' Report of the Fund for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The directors, CEO and executives of the Management Company do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
13. The Chief Executive Officer and CFO duly endorsed the financial statements of the Fund before approval of the Board.
14. The Management Company has complied with all the significant corporate and financial reporting requirements of the Code relevant to the Fund.
15. The Board has formed an Audit Committee comprising of three members all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held in 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.
17. The board has formed a HR and Remuneration Committee comprising of three members, two of whom are non-executive members and the chairman of the committee is an independent director.
18. The Management Company has outsourced the internal audit function to M/s Yousuf Adil Saleem & Co. Chartered Accountants (Deloitte) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under 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 units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by 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. The closed period prior to the announcement of interim/final results which may materially affect the market price of the Fund's units, was determined and intimated to directors, employees and stock exchange.
22. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Karachi: September 13, 2012

**Muddassar Malik
Chief Executive Officer**

REVIEW REPORT TO THE UNIT 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 (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of BMA Asset Management Company Limited (the Management Company) of **BMA Chundrigar Road Savings Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code 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 reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund 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 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by The Karachi Stock Exchange vide circular KSE/N-269 dated 19 January 2009 requires the Management 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 requirement 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 procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2012.

Ernst & Young Ford Rhodes Sidat Hyder & Co.

Karachi: September 13, 2012

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **BMA Chundrigar Road Savings Fund (the Fund)**, which comprise the statement of assets and liabilities as at **30 June 2012**, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management'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 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 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 **30 June 2012** and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of Trust Deed, NBFC Rules and NBFC Regulations, 2008.

Karachi: September 13, 2012

Ernest & Young Ford Rhodes Sidat Hyder & Co.
CHARTERED ACCOUNTANTS
Omer Chughtai

STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2012

	<i>Note</i>	2012 (Rupees)	2011 (Rupees)
Assets			
Bank balances	8	21,464,952	55,263
Investments	9	352,766,103	105,202,489
Mark-up / interest receivable	10	8,308,486	12,659,316
Deposits, prepayments and other receivables	11	3,121,845	3,121,845
Preliminary expenses and floatation cost	12	147,795	1,149,435
Total assets		385,809,181	122,188,348
Liabilities			
Remuneration payable to the management company	13	580,988	139,840
Remuneration payable to the trustee	14	60,332	33,973
Annual fee payable to Securities and Exchange Commission of Pakistan	15	148,801	142,958
Accrued expenses and other liabilities	16	1,791,939	2,719,083
Total liabilities		2,582,060	3,035,854
CONTINGENCY	17	-	-
NET ASSETS		<u>383,227,121</u>	<u>119,152,494</u>
Unit Holders' Fund (as per statement attached)		<u>383,227,121</u>	<u>119,152,494</u>
Number of units in issue	18	<u>48,499,460</u>	<u>12,517,187</u>
Net asset value per unit – Rupees	5.7	<u>7.90</u>	<u>9.52</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I. Huq
Director**

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 (Rupees)	2011 (Rupees)
Income			
Mark-up / interest income on investments, bank balances and term deposits	19	20,159,165	28,002,117
Loss on investments held at fair value through profit or loss-net	20	(30,384,333)	(15,761,517)
Reversal for impairment against investments classified as held to maturity		27,750,000	-
Element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed – net		(107,154,868)	7,603,877
Other income		489,451	-
Total Income		(89,140,585)	19,844,477
Expenses			
Remuneration of the management company	13.1	2,976,030	2,862,221
Sales tax on management fee	13.2	475,336	-
Remuneration of the trustee	14	463,802	464,007
Annual fee to Securities and Exchange Commission of Pakistan	15	148,801	142,958
Custody and settlement charges		21,546	40,615
Amortization of preliminary expenses and floatation cost		1,001,640	998,903
Brokerage expense		78,691	89,769
Auditors' remuneration	21	527,245	416,343
Bank charges		2,860	11,537
Printing and stationery		108,020	22,112
Mutual fund rating fee		167,075	121,440
Legal and professional charges		530,000	72,500
Listing fee		107,794	107,815
Other expenses		-	12,000
Total expenses		6,608,840	5,362,220
Net (loss) / income		(95,749,425)	14,482,257
(Loss) / earnings per unit	22	-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I. Huq
Director**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	2012 (Rupees)	2011 (Rupees)
Net (loss) / income for the year	(95,749,425)	14,482,257
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	<u>(95,749,425)</u>	<u>14,482,257</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I. Huq
Director**

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	2012 (Rupees)	2011 (Rupees)
Undistributed (loss) / income brought forward {includes unrealized loss of Rs. 57,951,944 (01 July 2011: Rs. 8,518,438) realized loss of Rs. 226,401,090 (30 June 2011: Rs. 170,246,870)}	(5,916,986)	17,584,232
Net (loss) / income for the year	(95,749,425)	14,482,257
Distribution of bonus units Nil (2011: 4,043,893 declared on 07 July 2010)	-	(37,983,475)
Undistributed loss carried forward [includes unrealized loss on investments of Rs. 1,126,062 (30 June 2011:Rs. 57,951,944) realized loss of Rs. 244,477,284 (30 June 2011: Rs.226,401,090)]	<u>(101,666,411)</u>	<u>(5,916,986)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I. Huq
Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	2012 (Rupees)	2011 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year	(95,749,425)	14,482,257
Adjustments for:		
Mark-up / interest income	(20,159,165)	(28,002,117)
Provision / (Reversal) against investments classified as fair value through profit or loss	13,434,200	(62,371,622)
Loss on investments – net	16,950,132	78,133,138
Element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed – net	107,154,869	(7,603,877)
Amortization of preliminary expenses and floatation cost	1,001,640	998,903
	118,381,676	(18,845,575)
	22,632,251	(4,363,318)
<i>(Increase) / decrease in assets</i>		
Deposits, prepayments and other receivables	-	36,836
Proceeds from sale of securities	79,114,693	281,302,298
Investments matured / redeemed during the year	1,105,500,000	-
Mark-up / interest income received	12,372,610	24,975,893
Purchase of securities	(1,483,625,254)	(90,244,176)
Principal redemption of TFCs	33,200,000	-
	(253,437,951)	216,070,851
<i>Decrease in liabilities</i>		
Remuneration payable to the management company	441,148	(313,123)
Remuneration payable to the trustee	26,359	(21,598)
Annual fee payable to Securities & Exchange Commission of Pakistan	5,843	(549,413)
Payable against redemption of units	-	(413,161)
Accrued expenses and other liabilities	(927,145)	(1,071,040)
	(453,795)	(2,368,335)
Net cash (used) in / generated from operating activities	(231,259,495)	209,339,198
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	378,369,800	26,275,011
Cash paid / payable on redemption of units	(125,700,616)	(270,016,380)
Net cash inflow / (outflow) from financing activities	252,669,184	(243,741,369)
Net increase / (decrease) in cash and cash equivalents	21,409,689	(34,402,171)
Cash and cash equivalents at beginning of the year	55,263	34,457,434
Cash and cash equivalents at end of the year	21,464,952	55,263

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I. Huq
Director**

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2012

	2012 (Rupees)	2011 (Rupees)
Net assets at the beginning of the year {Rs. 9.52 per unit (2011: Rs. 10.52 per unit)}	119,152,494	356,015,483
Cash received on issuance of units*	378,369,800	26,275,011
Cash paid / payable on redemption of units**	(125,700,616)	(270,016,380)
	252,669,184	(243,741,369)
Element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed	107,154,868	(7,603,877)
Net (loss) / income for the year	(95,749,425)	14,482,257
Other comprehensive income	-	-
Total comprehensive income for the year	(95,749,425)	14,482,257
Net assets as at end of the year Rs. 7.90 per unit (2011: Rs. 9.52 per unit)	383,227,121	119,152,494
	Number of units	
* Number of units issued including nil bonus units (2011: 4,043,893 bonus units)	52,180,771	6,672,650
** Number of units redeemed	16,197,984	28,008,827

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I. Huq
Director**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

BMA Chundrigar Road Savings Fund (the Fund) was established in Pakistan under a Trust Deed executed on 19 April 2007 between BMA Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee and authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) by Securities and Exchange Commission of Pakistan (SECP) on 18 May 2007.

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.

The Fund is an open-ended fixed income aggressive mutual fund listed on the Karachi Stock Exchange. 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.

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.

Title to the assets of the Fund is held in the name of MCB Financial Services Limited as a trustee of the Fund.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for investments and derivatives which are accounted for as stated in notes 5.1.

These financial statements have been presented in Pakistan Rupees which is the functional and presentation currency of the fund.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below.

The Fund has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 7 – Financial Instruments: Disclosures (Amendment)

IAS 24 – Related Party Disclosures (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

IAS 34 – Interim Financial Reporting - Significant events and transactions

IFRIC 13 – Customer Loyalty Programmes - Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Investments

The investments, upon initial recognition, are classified as investment at fair value through profit or loss, held to maturity investment or available for sale investment, as appropriate.

All investments are initially measured at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs that are directly attributable to acquisition.

All regular way purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investment. Regular way purchases and sales of investments require delivery of securities within the time frame generally established by regulation or market convention.

The investment are classified in the following categories:

Investments at fair value through profit or loss

This category has two sub categories, namely; financial instruments held for trading, and those designated at fair value through profit or loss upon initial recognition.

- Investments which are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading. Derivative instruments held by the Fund generally comprise of future contracts in the capital markets. These are initially recognised at cost and are subsequently measured at their fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contract. All derivatives are classified as held for trading. These are initially recorded at cost. Derivates with positive fair values (unrealized gains) are included in assets and derivatives with negative fair values (unrealized losses) are included in liabilities in the statement of assets and liabilities.

- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy .

After initial measurement, investment designated at fair value through profit or loss are carried at fair value and the gains or losses on revaluation are recognized in the income statement.

Held to maturity

Investment with fixed maturities and fixed or determinable payments are classified as held to maturity investments when management has both the intent and ability to hold to maturity. After initial measurement, such investment are carried at amortised cost less any provision for impairment except for in case of debt securities (listed but not regularly traded on a stock exchange) and government securities, which are carried at fair value in accordance with the requirements of the NBFC Regulations and directives issued by SECP.

Available for sale

Investments which are not classified in the above category are classified as available for sale investments. After initial measurement, such investments are measured at fair value with unrealised gains or losses recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in statement of comprehensive income is taken to the income statement.

Fair value of investments is determined as follows:

Term finance certificates(TFCs) and Sukuk Certificates:

The Fund's investments in TFCs and Sukuk certificates are revalued at the rates quoted by Mutual Fund Association of Pakistan (MUFAP) in accordance with the SECP circular No. 1 of 2009 dated 06 January 2009, read with Regulation 66(b) of the NBFC Regulations. Further, the said circular has provided the discretion to the management to apply markup / mark down (within the available limits as prescribed in that circular) to the yields of Non- traded debt securities to arrive at their fair values.

Government securities:

Fair value of government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

5.2 Provisioning policy

To fulfill the requirement of SECP Circular No. 13 dated 04 May 2009 the Board of Directors (BOD) approved a comprehensive provisioning policy whereby the Investment Committee (IC) can make accelerated provision against any non performing security after considering the financial difficulties of the issuer, probability of the borrower entering bankruptcy or financial reorganization, deterioration of key financial ratios, down grade of credit rating, measurable decrease in cash flows and industry out look. The policy states:

An asset shall be classified as non performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter or as specified by the SECP from time to time from the day such income / installment has fallen due.

Whilst the above definition shall remain applicable in all general conditions, the conditions applicable for classification of Deep Discount Bonds as NPA shall be put into practice for investment in all other assets also when the BOD of the Asset Management Company on the recommendation of the IC deems it appropriate and in the best interest of its investors.

An asset is reclassified as 'standard/performing asset' only when both overdue interest and overdue installments are paid in full and there is satisfactory performance for a subsequent period of 6 months.

The complete policy is placed on the company's website for purposes of disclosure and transparency.

5.3 Securities under repurchase / resale agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement using the effective interest method.

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement using the effective interest method.

5.4 Preliminary expenses and floatation costs

These costs are being amortised over a period of five years commencing from 23 August 2007 in accordance with the Trust Deed. These expenses were paid by the management company.

5.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company, for the applications received by it. The offer price represents the net asset value per unit as of the close of the business day plus provision of duties and charges and provision of transaction costs, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less duties, taxes, charges on redemption and provision for transaction costs, if applicable.

Redemption of units is recorded on acceptance of application of redemption.

5.6 Element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed

An equalisation account called the "element of income / (loss) included in prices of units sold less those in units redeemed" is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records the net element of accrued income / (loss) relating to units issued and redeemed during an accounting period in the income statement while the portion of the element of income / (loss) that relates to unrealised gains / (losses) relating to available for sale investment securities held by the Fund is recorded in a separate reserve account in the statement of assets and liabilities and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders.

5.7 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the period end. Net assets are defined in NBFC Regulation, 2008 clause 66.

5.8 Taxation

The Fund is exempt from taxation on income under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income excluding realised and unrealised capital gain for the year is distributed amongst the unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

5.9 Revenue recognition

Gains / (losses) arising on sale of investments are included in the income statement in the period in which the transaction takes place.

Dividend income is recognised when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, bank deposits, commercial papers, federal government securities and investments in debt securities are recognised at rate of return implicit in the instrument on a time proportionate basis.

5.10 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cashflows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

5.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.12 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits.

5.13 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the financial statements.

5.14 Provision

A provision is recognised in the statement of assets and liabilities when the Fund has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.15 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the BOD of the management company.

6. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes in the financial statements.

7. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard, Interpretation or Amendments	Effective date (accounting periods beginning on or after)
IFRS 7 – Financial Instruments : Disclosures – (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1 – Presentation of Financial Statements – Presentation of items of comprehensive income	01 July 2012
IAS 12 – Income Taxes (Amendment) - Recovery of Underlying Assets	01 January 2012
IAS 19 – Employee Benefits –(Amendment)	01 January 2013
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Fund's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Arrangements	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013

	Note	30 June 2012	30 June 2011 (Rupees)
8. BANK BALANCES			
PLS saving accounts	8.1	21,464,720	49,542
Current accounts		232	5,721
		<u>21,464,952</u>	<u>55,263</u>

8.1 Profit rates on savings accounts ranged from 4.89% to 11.35% (2011: 4.89% to 12.35%) per annum.

	Note	30 June 2012	30 June 2011 (Rupees)
9. INVESTMENTS			
Designated at fair value through profit or loss upon initial recognition			
Listed term finance certificates and sukus	9.2	-	13,434,200
Unlisted term finance certificates and sukus	9.3	11,324,919	91,768,289
Government securities	9.4	271,441,184	-
		<u>282,766,103</u>	<u>105,202,489</u>
Held to maturity			
Certificate of investment / Certificate of deposits	9.5	70,000,000	-
		<u>352,766,103</u>	<u>105,202,489</u>
9.1 Cost of investments as at 30 June		<u>328,952,884</u>	<u>163,154,873</u>

9.2 Listed term finance certificates

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

Name of security	As at 01 July 2011	Purchased during the year	Sold during the year	As at 30 June 2012	Carrying Value as at 30 June 2012	Percentage of total investments on the basis of carrying value	Percentage of investment in relation to net assets of the fund
		-----Number of certificates-----			(Rupees)		
Quoted							
Banks							
NIB Bank Limited (05-03- 08)	-	2,000	2,000	-	-	-	-
Miscellaneous							
Pace Pakistan Limited (15-02-08)	4,000	-	-	4,000	13,434,200	-	-
Provision against Pace Pakistan Limited				9.2.1		-	-
Total quoted					<u>-</u>	<u>-</u>	

9.2.1 During the year Pace Pakistan Limited failed to fulfill its obligation 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 BOD decided to fully provide against this security given the lack of price discovery, absence of liquidity and poor financial outlook.

9.3 Un-listed term finance certificates and sukuk

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

Name of security	Note	As at 01 July 2011	Purchased during the year	Sold during the year	As at 30 June 2012	Carrying Value as at 30 June 2012	Percentage of total investments on the basis of carrying value	Percentage of investment in relation to net assets of the fund
-----Number of certificates -----						(Rupees)		
Unquoted								
Construction and materials								
Kohat Cement Limited - sukuk Issue (20-12-07)		10,000	-	-	10,000	11,324,919	3.21%	2.96%
Maple Leaf Cement - sukuk Issue (03-12-07)		19,000	-	19,000	-	-	-	-
Household goods								
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 (27-07-07)		16,000	-	-	16,000	4,721,001	-	-
Provision against New Allied Electronics (Private) Limited- term finance certificates and sukuk Issue	9.3.1					(26,193,758)	-	-
Total unquoted debt securities						91,768,289	87.23%	

9.3.1 This includes investment aggregating to Rs. 26.19 million against which the investee company has not made payments at the contractual dates. The principal due has not yet been received. The overdue principal and mark-up receivable against these amounted to Rs. 25.53 million and Rs. 1.38 million, respectively. As of the balance sheet date, the above term finance certificates and sukuk are classified by MUFAP as non-performing debt securities and accordingly the management is carrying the provision of Rs. 26.19 million against the investment in accordance with the requirements of Circular No.01 dated 06 January 2009, issued by the SECP and the provisioning policy approved by the BOD.

9.3.2 The Fund also holds sukuk certificates issued by Maple Leaf Cement Company Limited having face value of Rs. 4.5 million received in lieu of the coupon defaulted by the investee company on 03 December 2009 as part of the restructuring agreement of an earlier sukuk issued by the said company. The sukuk accrues mark-up 3 month KIBOR + 100 basis points per annum and interest payments on the same are being received regularly, while principal redemption payments have not been received which were due in March 2012. The said issue has been accordingly classified as non-performing by Mutual Fund Association of Pakistan (MUFAP). However, the sukuk has not been recorded in the books of the Fund pursuant to a clarification by SECP dated 01 June 2011, which prohibits the accrual of income for a debt security during the period the security is classified as non-performing.

9.4 Government securities

Type of instrument	Issue date	Tenor (months)	Face Value	(Quantity)					Fair Value as at 30 June 2012	Percentage of total investments on the basis of fair value	Percentage of investment in relation to net assets of the Fund
				As at 01 July 2011	Purchases during the year	Sales during the year	Maturities during the year	As at June 30, 2012			
T-bills	09-Feb-11	3	100	-	250,000	250,000	-	-			
T-bills	24-Feb-11	12	100	-	100,000	100,000	-	-			
T-bills	07-Apr-11	12	100	-	400,000	-	400,000	-			
T-bills	30-Jun-11	12	100	-	1,500,000	-	1,500,000	-			
T-bills	08-Sep-11	6	100	-	1,500,000	-	1,500,000	-			
T-bills	06-Oct-11	6	100	-	300,000	-	300,000	-			
T-bills	03-Nov-11	3	100	-	250,000	-	250,000	-			
T-bills	29-Dec-11	3	100	-	350,000	-	350,000	-			
T-bills	12-Jan-12	3	100	-	100,000	-	100,000	-			
T-bills	26-Jan-12	3	100	-	120,000	-	120,000	-			
T-bills	09-Feb-12	3	100	-	500,000	-	500,000	-			
T-bills	23-Feb-12	3	100	-	510,000	-	510,000	-			
T-bills	08-Mar-12	3	100	-	1,730,000	-	1,730,000	-			
T-bills	22-Mar-12	3	100	-	2,010,000	45,000	1,965,000	-			
T-bills	21-Apr-12	12	100	-	430,000	-	430,000	-			
T-bills	25-Aug-11	12	100	-	300,000	-	-	300,000	29,489,567	8.36%	7.70%
T-bills	06-Oct-11	12	100	-	170,000	-	-	170,000	16,487,628	4.67%	4.30%
T-bills	03-Nov-11	12	100	-	121,000	-	-	121,000	11,631,507	3.30%	3.04%
T-bills	26-Jan-12	6	100	-	1,110,000	-	-	1,110,000	110,100,227	31.21%	28.73%
T-bills	19-Apr-12	3	100	-	550,000	-	-	550,000	54,802,857	15.54%	14.30%
T-bills	14-Jun-12	3	100	-	500,000	-	-	500,000	48,929,398	13.87%	12.77%
									271,441,184	76.95%	70.84%

Note 30 June 2012 30 June 2011
(Rupees)

9.5 Held to Maturity
Certificate of Investment (COI)

First Dawood Investment Bank Limited
Payment received during the year

9.5.1	35,000,000	35,000,000
	(27,750,000)	(35,000,000)
	7,250,000	

Provision for impairment

(7,250,000)

Pak Brunei Investment Company Limited

9.5.2 **40,000,000**

Pak Oman Investment Company Limited

9.5.2 **30,000,000**

70,000,000

-

9.5.1 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 is pending adjudication. The Fund's legal counsel on the merits of the case is confident that the Fund will recover its investment from FDIBL. However, on the basis of prudence, the management has made full provision against the said investment.

9.5.2 The Fund has made investments in COI issued by Pak Brunei Investment Company Limited and Pak Oman Investment Company Limited at a yield of 12.30% and 12.00% respectively with maturity dates of 07 September 2012 and 05 July 2012 respectively. These COIs represents 11.34% and 8.50% of the total investments on the basis of fair value respectively.

9.6 Significant terms and conditions of debt securities held as at 30 June 2012 are as follows:

Name	Quoted / Unquoted	Markup rate per annum	Maturity	Secured / Unsecured	Details of Security	Rating	
<u>At fair value through profit or loss</u>							
Construction and materials							
Kohat Cement Limited - Sukuk	Unquoted	3 months KIBOR	+ 150 bps	13 December 2015	Secured	Hypothecation charge over all future fixed assets of the Company equivalent to the facility amount, along with a 25 percent margin. First ranking mortgage over all specified future immoveable properties of the Company with a 25 percent margin	Non -rated
Household goods							
New Allied Electronic Industries (Private) Limited	Unquoted	3 months KIBOR	+ 275 bps	15 May 2011	Secured	Lien of the Trustee on the collection account, Mortgaged deed over property, hypothecation charge over stocks and receivables with a 25 percent margin	NPA
New Allied Electronic Industries (Private) Limited - sukuk II (NAEIL)	Unquoted	3 months KIBOR	+ 260 bps	25 July 2012	Secured	Ranking charge over all present and future fixed assets of NAEIL amounting to PKR 300 million	NPA
Miscellaneous							
Pace Pakistan Limited	Quoted	6 months KIBOR	+ 200 bps	15 February 2017	Secured	Hypothecation charge in respect of all specified present and future fixed assets excluding land and building of the Issuer. Mortgage charge on specified immoveable properties of the issuer, along with a margin of 25 percent.	NPA

9.7 Details of non compliant investments under SECP Circular No.16 dated July 07, 2010 are as follows:

Circular no. 16 dated 07 July 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified by the category assigned to open-end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in the financial statements of the Fund. Details of such non-compliant investments are given below:

Name of Non-Compliant Investment	Note	Type of Investment	Value of Investment Before Provision	Provision Held	Value of Investment After Provision	% of Net Assets	% of Gross Assets
Government Securities	9.7.1	T-Bills	271,441,184	-	271,441,184	70.84%	70.36%
Pak Brunei Investment Company Limited	9.7.2	COI	40,000,000	-	40,000,000	10.43%	10.36%

10. MARK-UP/ INTEREST RECEIVABLE

	30 June 2012	30 June 2011
	(Rupees)	
On		
- Bank deposits	121,823	2,515
- Investments		
Term finance certificates and sukuk certificates	7,005,074	12,656,801
Certificate of investments	1,181,589	-
	8,308,486	12,659,316

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with		
- Central Depository Company of Pakistan Limited	200,000	200,000
- National Clearing Company of Pakistan Limited	2,500,000	2,500,000
Advance tax	421,845	421,811
	<u>3,121,845</u>	<u>3,121,845</u>

12. PRELIMINARY EXPENSES AND FLOATATION COSTS

Balance as at 01 July	1,149,435	2,148,338
Amortisation during the year	(1,001,640)	(998,903)
Balance as at 30 June	<u>147,795</u>	<u>1,149,435</u>

13. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY

13.1 The management company is entitled to remuneration for services rendered to the Fund under Regulation 61 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 3% of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent of such assets of the Fund. The rate used by the management company (and the Fund) is 1.5% per annum of the average daily net assets of the Fund as disclosed in the offering document.

13.2 During the current year, an amount of Rs. 475,336 (30 June 2011: Rs Nil) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

14. REMUNERATION PAYABLE TO THE TRUSTEE

According to the provision of the Trust deed of the Fund the Trustee is entitled to a monthly remuneration for services rendered as follows:

On net assets:

Up to Rs. 250 million to Rs. 500 million	Rs.0.5 million plus 0.15% per annum of the Net Asset exceeding Rs. 250 million
Up to Rs. 500 million to Rs. 1,000 million	Rs.0.875 million plus 0.08% per annum of the Net Asset exceeding Rs. 500 million
Up to Rs. 1,000 million to Rs. 2,000 million	Rs.1.275 million plus 0.08% per annum of the Net Asset exceeding Rs. 2,000 million

Any upward increase in the Trustee's remuneration would require SECP's approval and amendment in the Trust Deed. However, any downward shift in the Trustee's remuneration will not require such an approval.

15. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Fund is required to pay SECP an amount equal to 0.075% of the average daily net assets.

16. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2012	30 June 2011
	(Rupees)	
Auditors' remuneration	380,749	310,000
Sales load	269,896	47,928
Preliminary expenses and floatation cost	1,000,000	2,000,000
Others	141,294	361,155
	<u>1,791,939</u>	<u>2,719,083</u>

17. CONTINGENCY - PROVISION FOR CONTRIBUTION TO WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. A petition has been filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their Trustee on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled *ab-initio* clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds 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 Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

During 2011, the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. Further, during the year, based on such decision of Honourable High Court, the Commissioner of Inland Revenue (Appeals - II) have declared the WWF demand raised by tax authorities against certain mutual funds managed by Asset Management Companies as illegal and without jurisdiction. The management company believes that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh. Further, based on the opinion from legal counsel of Mutual Funds Association of Pakistan (MUFAP), there are good chances for the Constitutional Petition to be decided in favour of the mutual funds and accordingly mutual funds need not to make a provision regarding WWF in their financial statements.

In view of the aforementioned developments during the year, the Management company believes that there is no compelling reason to make provision on account of WWF contribution in the financial statements. Further, the management company also expects that the constitutional petition pending in the Honourable High Court of Sindh on the subject as referred above will be decided in favour of the mutual funds. The aggregate unrecognised amount of WWF as at 30 June 2012 amounted to Rs. 1.4 million (2011: Rs. 1.4 million). Had a provision of WWF been made the NAV per unit would have been lower by Rs. 0.03.

18. NUMBER OF UNITS IN ISSUE

The units in issue as at 30 June 2012 were as follows:

	30 June 2012		30 June 2011	
	Units	Rupees	Units	Rupees
Class A	48,499,460	383,227,121	12,517,187	119,152,494
Class B	-	-	-	-
Class C	-	-	-	-
Class D	-	-	-	-
Class E	-	-	-	-
	48,499,460	383,227,121	12,517,187	119,152,494

- 18.1 The par value of each unit is Rs 10. The management of the Fund has set a minimum investment size of Rs 5,000. All units carry equal rights and are entitled to dividends and share in net asset value on liquidation.
- 18.2 On the issuance of these units, front-end / sales load, (if any) is charged at the rate of 1% of Net Asset Value but not greater than 2%.
- 18.3 On the redemption of these units, no back-end load is charged.

19. MARK-UP / INTEREST INCOME

30 June 2012 30 June 2011
(Rupees)

Return on:		
- PLS and term deposit accounts	2,867,140	3,362,562
- Investments		
Term finance certificates and sukuk certificates	3,312,959	23,866,885
Certificate of investments / deposits	1,841,681	-
Government securities	12,137,385	772,670
	20,159,165	28,002,117

20. LOSS ON INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS – NET

Gain / (loss) on sale of		
- Government securities	(4,890)	(1,274,600)
- Debt securities		
- Listed	34,951	(24,214,218)
- Unlisted	(29,127,858)	(16,788,357)
	(29,092,907)	(41,002,575)
Loss on sale of investments – net	(29,097,797)	(42,277,175)
Provision for impairment against investments classified as fair value through profit or loss	(13,434,200)	-
Reversal of provision for impairment against investments classified as fair value through profit or loss	-	62,371,622
Realised gain on redemption of investments at fair value through profit or loss	11,021,603	-
Unrealised (loss) / gain on revaluation of investments at fair value through profit or loss – net	1,126,061	(35,855,964)
	(30,384,333)	(15,761,517)

30 June 2012 30 June 2011
(Rupees)

21. AUDITORS' REMUNERATION

Annual audit	275,000	275,000
Half yearly review	100,000	100,000
Review of statement of compliance with the Code of Corporate Governance	25,000	25,000
Certification in respect of CDC Regulations	40,000	-
Out of pocket expenses	87,245	16,343
	527,245	416,343

22. LOSS PER UNIT

Loss per unit for the year has not been disclosed as in the opinion of the management determination of weighted average units for calculating loss per unit is not practicable.

23. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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), MCB Financial Services Limited (the Trustee), Al Abbas Sugar Mills Limited (common directorship) and key management personnel of the management company, etc. (refer below for details).

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively. Details of transactions with related parties and balances with them at the year end are as follows:

	For the year ended 30 June 2012		For the year ended 30 June 2011	
	(Units)	(Rupees)	(Units)	(Rupees)
Units sold to:				
Directors and executives of the Management company				
Mr. Muddassar Malik	-	-	1,286	12,080
Mr. Faisal Huq	-	-	58	547
Mr. Bilal Khan	-	-	58	547
Mr. Iffat Zehra Mankani	-	-	3,611	33,922
Mr. Adeel Ahmad Khan	250,687	1,860,000	-	-
Mr. Lawrence A. Lobo	136,342	998,961	-	-
Mr. Faisal Ali Khan	54,837	375,531	-	-
Mr. Mustafa O Pasha	83,665	599,743	-	-
Mr. Harold Makil Charles	57,984	402,170	-	-
Associated Companies				
BMA Asset Management Company Limited	22,524,408	156,534,000	-	-
BMA Asset Management Company Limited- Staff Provident Fund	686,342	5,392,728	-	-
Unit holders with holding of 10% and above:				
MCB Bank Limited Staff Provident Fund	-	-	470,191	4,416,407
Units redeemed by:				
Directors and executives of the Management company				
Mr. Muddassar Malik	-	-	12,053	110,261
Mr. Faisal Huq	-	-	546	5,088
Mr. Bilal Khan	-	-	-	-
Mr. Iffat Zehra Mankani	33,845	265,063	-	-
Mr. Adeel Ahmad Khan	214,438	1,618,023	-	-
Mr. Lawrence A. Lobo	9,813	70,000	-	-
Mr. Faisal Ali Khan	54,837	378,542	-	-
Mr. Harold Makil Charles	57,984	426,024	-	-
Transactions with related parties				
Al Abbas Sugar Mills Limited				
- Income received on term finance certificate			-	994,069
- Investments sold			-	29,819,060
BMA Asset Management Company				
- Remuneration to management company			2,976,030	2,862,221
- Sales load			-	-
Trustee				
- Remuneration of the trustee			463,802	464,007

	30 June 2012		30 June 2011	
	(Units)	(Rupees)	(Units)	(Rupees)
Units Held by:				
Directors and executives of the Management company				
Mr. Bilal Khan	546	4,315	546	4,878
Mr. Iffat Zehra Mankani	-	-	33,845	302,316
Mr. Adeel Ahmad Khan	36,249	286,425	-	-
Mr. Lawrence A. Lobo	126,529	999,793	-	-
Mr. Mustafa O Pasha	83,665	661,098	-	-
Associated Companies				
BMA Asset Management Limited	22,524,408	177,981,112	-	-
BMA Asset Management Company Limited - Staff Provident Fund	686,342	5,423,270	-	-
Unit holders with holding of 10% and above:				
MCB Bank Limited Staff Provident Fund	4,406,382	34,817,908	4,406,382	39,359,525

	30 June 2012	30 June 2011
	(Rupees)	
Balances with related parties:		
BMA Asset Management Company		
- Remuneration payable to the management company	580,988	139,840
- Formation cost payable	1,000,000	2,000,000
Trustee		
- Remuneration payable to the trustee	60,332	33,973

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

24.1 The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP.

Financial risk in Fund is the possibility that the outcome of an action or event could bring up adverse impacts. Such outcomes could either result in a direct loss of earnings/net assets or may result in imposition of constraints on fund's ability to meet its business objectives. Such constraints pose a risk as these could hinder the Fund's ability to conduct its ongoing business or to take benefit of opportunities to enhance its business.

These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The BOD of the management company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk (which includes interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Regardless of the sophistication of measures, fund often distinguishes between expected and unexpected losses. Expected losses are those that the management knows with reasonable certainty will occur (e.g. the expected decline in prices) and are typically reserved for in some manner. Unexpected losses are those associated with unforeseen events.

Risk management activities broadly take place simultaneously at following different hierarchy levels:

a) Strategic Level: It encompasses risk management functions performed by senior management and BOD. It is concerned with the overall risk management of the organization and starts with identifying of risk, planning to mitigate them, implementation of strategies and monitoring.

b) Macro Level: It encompasses risk management within a business area or across business lines. Generally the risk management activities performed by middle management or units devoted to risk reviews fall into this category.

c) Micro Level: It involves 'On-the-line' risk management where risks are actually created. These are the risk management activities performed by individuals who take risk on the organization's behalf such as front office and transactions origination functions.

Risk management starts at the highest management level. Its responsibility rests with the BOD. Senior management makes sure that the policies of risk management are ingrained in the organization's culture.

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets.

Concentrations of risk may arise if the Fund has a significant exposure in a single industry, or aggregate exposure in several industries that tend to move together. In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The Fund Manager is instructed to reduce exposure to manage excessive risk concentrations when they arise.

Concentrations of risk may arise if the Fund has a significant exposure in a single industry, or aggregate exposure in several industries that tend to move together. In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The Fund Manager is instructed to reduce exposure to manage excessive risk concentrations when they arise.

24.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, debt security prices and foreign exchange rates.

(i) Interest rate risk

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

The Fund has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Fund while dealing in financial instruments negotiates attractive interest rates, which reduces the interest rate price risk.

The Fund's interest rate exposure on financial instruments is disclosed as follows.

	30 June 2012	30 June 2011
	Rupees	
<i>Fixed rate instruments</i>		
Government Securities	271,441,184	-
Certificate of Investments	70,000,000	-
<i>Variable rate instruments</i>		
Term Finance Certificates and Sukuks	11,324,919	105,202,489
Bank Balances	21,464,720	49,542

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Fund's income.

	Increase / (decrease) in basis points	Sensitivity of interest income Increase/(decrease) ----- (Rupees) -----	Sensitivity of changes in fair value of investments Increase/(decrease) -----
2012	100 (100)	404,920 (404,920)	(186,791) 187,792
2011	100 (100)	1,421,993 (1,421,993)	1,052,024 (1,052,024)

(ii) Price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Fund is exposed to changes in the fair values of investments as a result of changes in MUFAP Prices and PKRV rates.

(iii) Foreign currency risk

Foreign 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

The Management company manages the above market risks through diversification of investment portfolio and placing limits on individual and aggregate exposures in accordance with the internal risk management policies.

24.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemption during the year.

The table below summarises the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

30 June 2012	Not later than one month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
----- Rupees -----						
Financial assets						
Bank balances	21,464,952	-	-	-	-	21,464,952
Investments	194,902,990	118,418,978	28,119,216	11,324,919	-	352,766,103
Mark-up / interest receivable	979,903	323,507	7,005,076	-	-	8,308,486
Security deposits	-	-	-	-	2,700,000	2,700,000
Sub-total	217,347,845	118,742,485	35,124,292	11,324,919	2,700,000	385,239,541
Financial liabilities						
Remuneration payable to the Management Company	580,988	-	-	-	-	580,988
Remuneration payable to the Trustee	60,332	-	-	-	-	60,332
Accrued and other liabilities	411,190	1,380,749	-	-	-	1,791,939
Sub-total	1,052,510	1,380,749	-	-	-	2,433,259
Liquidity gap	216,295,335	117,361,736	35,124,292	11,324,919	2,700,000	382,806,282
30 June 2011						
----- Rupees -----						
Financial assets						
Bank balances	55,263	-	-	-	-	55,263
Investments	-	-	-	-	105,202,489	105,202,489
Mark-up / interest receivable	2,515	1,979,767	-	10,677,034	-	12,659,316
Security deposits	-	-	-	-	2,700,000	2,700,000
Sub-total	57,778	1,979,767	-	10,677,034	107,902,489	120,617,068
Financial liabilities						
Remuneration payable to the Management Company	139,840	-	-	-	-	139,840
Remuneration payable to the Trustee	33,973	-	-	-	-	33,973
Annual fee payable to the SECP	142,958	-	-	-	-	142,958
Payable against redemption of units	-	-	-	-	-	-
Accrued and other liabilities	1,719,083	-	-	1,000,000	-	2,719,083
Sub-total	2,035,854	-	-	1,000,000	-	3,035,854
Liquidity gap	(1,978,076)	1,979,767	-	9,677,034	107,902,489	117,581,214

24.4 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's credit risk is primarily attributable to its investment in term finance certificates, certificates of investment, term deposits 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, offering document and investment guidelines (approved by Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a approved rating agency. Due to defaults made by the issuers of TFCs the rating of the instrument have down graded from the investment grade, the Fund has not liquidated its investments as the management expects the counterparties will recover their rating. The table below analyses the Fund's maximum exposure to credit risk:

	30 June 2012	30 June 2011
	(Rupees)	
Investment in debt securities	11,324,919	105,202,489
Cash and cash equivalents	21,464,952	55,263
Mark-up / interest receivable	8,308,486	12,659,316
Certificates of investments	70,000,000	-

The analysis below summaries the credit quality of the Fund's debt portfolio:

Debt securities/ entity rating by category

	30 June 2012	30 June 2011
AAA	-	-
AA- to AA+	96.79%	-
A- to A+	-	12.77%
Non Investment grade	3.21%	87.23%
Total	100.00%	100.00%

The analysis below summarizes the credit quality of the Fund's portfolio in deposits/ placement with banks:

Rating by category

	30 June 2012	30 June 2011
AAA	-	5.06%
AA- to AA+	100.00%	2.65%
A- to A+	-	92.29%
Total	100.00%	100.00%

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's policy is to maintain a diversified portfolio of financial assets and to enter into transactions with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Fund's concentration of credit risk by industrial distribution;

Sector	Exposure on the basis of net investment			
	As at 30 June 2012		As at 30 June 2011	
	Rupees	%	Rupees	%
Construction and materials	11,324,919	2.96	91,768,289	87
Miscellaneous	-	-	13,434,200	13
	11,324,919	2.96	105,202,489	100

24.5 Capital management

The Fund's objective when managing unit holder's funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market's conditions. The capital structure depends on the issuance and redemption of units.

25. 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)

	30 June 2012			30 June 2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
Designated at fair value through profit or loss upon initial recognition						
- term finance certificates and sukus	-	11,324,919	-	-	105,202,489	-
- Government securities	-	271,441,184	-	-	-	-
	-	282,766,103	-	-	105,202,489	-

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by The Board of Directors of the Management company on September 13, 2012.

27. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the BOD of the management company and rating of the Fund and the management company has been disclosed in Annexure I to the financial statements.

28. GENERAL

28.1 Figures have been rounded off to nearest Rupee.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I. Huq
Director**

Annexure – I

**SUPPLEMENTARY NON FINANCIAL INFORMATION
 AS REQUIRED UNDER SECTION 6(D), (F), (G), (I) AND (J)
 OF THE FIFTH SCHEDULE TO THE NBFC REGULATIONS**

(i) UNIT HOLDING PATTERN OF THE FUND

Category	Number of unit holders	30 June 2012		% of Total
		Number of units held	Amount (Rupees)	
Individuals	150	14,137,150	111,707,208	29.15%
Associated companies / directors	1	22,524,408	177,980,619	46.44%
Banks / DFIs	1	4,664,013	36,853,531	9.62%
Retirement funds	2	5,092,724	40,241,067	10.50%
Others	1	2,081,165	16,444,696	4.29%
	<u>155</u>	<u>48,499,460</u>	<u>383,227,121</u>	

Category	Number of unit holders	30 June 2011		% of Total
		Number of units held	Amount (Rupees)	
Individuals	146	6,398,783	60,910,727	51.12%
Retirement funds	2	5,156,245	49,082,869	41.19%
Others	2	962,159	9,158,898	7.69%
	<u>150</u>	<u>12,517,187</u>	<u>119,152,494</u>	

(ii) DETAILS OF UNIT HOLDERS/INVESTORS HOLDING 5% OR MORE

Name	Number of units held	30 June 2012	
		Amount (Rupees)	% of Total
BMA Asset Management Company Limited	22,524,408	177,980,619	46.44%
Habib Metropolitan Bank Limited	4,664,013	36,853,531	9.62%
Mr. Farhat Abbas Mirza	4,435,674	35,049,268	9.15%
MCB Bank Limited- Staff Provident Fund	4,406,382	34,817,812	9.09%

Name	Number of units held	30 June 2011	
		Amount (Rupees)	% of Total
MCB Bank Limited Staff Provident Fund	4,406,382	39,359,524	35.2%
Alcon Scientific Services Staff Provident Fund	749,863	6,698,068	5.99%

(iii) LIST OF TOP FIVE BROKERS BY PERCENT OF THE COMMISSION PAID

S.No.	Name	Percentage of commission paid	
		30 June 2012	30 June 2011
1	JS Global Capital Limited	-	25.89%
2	KASB Securities	12.69%	74.11%
3	Global Securities Pakistan Limited	7.00%	-
4	ICON Securities (Private) Limited	62.46%	-
5	Invest Capital Investment Bank Limited	17.85%	-

During the year the Fund has carried out transactions only through above brokers.

(iv) THE MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Experience
Mr. Muddassar Malik	Chairman of Investment Committee / CEO	MBA, Finance & Corporate Strategy	20 Years
Mr. Farrukh Hussain	Chief Investment Officer	MBA & Post Graduate Diploma in Finance & Banking	12 Years
Mr. Mustafa Pasha	Fund Manager	BA, Economics	5 Years

(v) MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Following are the names of directors who attended the meetings of the BOD during the year along with the dates of the meetings.

Name of Director	Meeting held on			
	07 July 2011	25 October 2011	23 February 2012	27 April 2012
Mr. Omer Syed	√	-	√	-
Mr. Waqar Hassan Siddiqui	√	-	-	√
Mr. Abdullah Shahin	-	√	√	-
Mr. Thomas James Speechley	-	√	-	√
Mr. Tashfin I Huq	√	√	√	√
Mr. Zahid Noorani	√	√	√	-
Mr. Mohammed Iqbal	√	√	√	√
Mr. Mudassar Malik	√	√	√	√

(vi) RATING OF THE FUND AND MANAGEMENT COMPANY

The Fund rating is in process. Last year JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned a 'BB+ (f)' fund stability rating to the Fund.

The management rating is in process. Last year JCR-VIS has assigned an 'AM2-'management quality rating to the Management Company.

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

**Muddasar Malik
Chief Executive Officer**

**Tashfin I. Huq
Director**

**PATTERN OF UNIT HOLDING AS PER REQUIREMENTS OF CODE OF
CORPORATE GOVERNANCE
AS AT 30 JUNE 2012**

PARTICULARS	UNIT HOLDING
INDIVIDUALS	13,890,161
MANAGEMENT COMPANY	
BMA Asset Management Company Ltd.	22,524,408
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
BMA Asset Management Co. Ltd Staff Provident Fund	686,342
NIT AND ICP	-
CHIEF EXECUTIVE	
Mr. Muddassar Malik	-
DIRECTORS	
Mr. Zahid Qasim Noorani	-
Mr. Tashfin I. Huq	-
Mr. Muhammad Iqbal	-
Mr. Omer Syed	-
Mr. Thomas James Speechly	-
Mr. Abdullah Shahin	-
Mr. Waqar Hassan Siddique	-
EXECUTIVES	246,989
PUBLIC SECTOR COMPANIES AND CORPORATIONS	-
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	4,664,013
SHAREHOLDING 10% OR MORE VOTING INTEREST	-
OTHERS	6,487,547
	48,499,460