

**CONTENTS**

<b>FUND'S INFORMATION .....</b>	<b>1</b>
<b>MISSION STATEMENT .....</b>	<b>2</b>
<b>REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY.....</b>	<b>3</b>
<b>INTERIM CONDENSED STATEMENT OF ASSETS AND LIABILITIES.....</b>	<b>6</b>
<b>INTERIM CONDENSED INCOME STATEMENT.....</b>	<b>7</b>
<b>INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME.....</b>	<b>8</b>
<b>INTERIM CONDENSED DISTRIBUTION STATEMENT .....</b>	<b>9</b>
<b>INTERIM CONDENSED CASH FLOW STATEMENT .....</b>	<b>10</b>
<b>INTERIM CONDENSED STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND...11</b>	
<b>NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS.....</b>	<b>12</b>

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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

**Company Secretary & CFO of the Management Company**

Mr. Muhammad Amir Iqbal

**Audit Committee of the Management Company**

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

**Trustee**

MCB Financial Services Limited  
3<sup>rd</sup> 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 Advisor**

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

**Registrar**

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

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### **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.***

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**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 the financial statements and report of the Fund for the quarter ended September 30, 2011.

**PROFILE**

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

**FUND’S FINANCIAL PERFORMANCE**

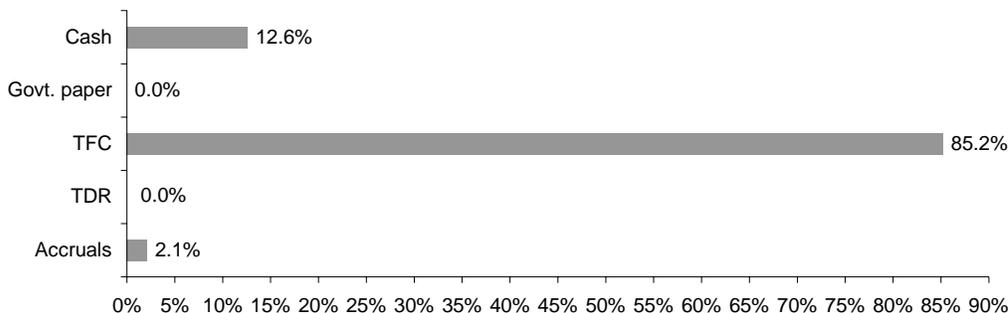
During 1QFY12 (Jul11- Sep11) the Fund earned Rs. 6.9 mn from income on investments, bank balances and term deposits. There was a reversal in mark up of Rs. 12.4 mn. Total income thus came to a negative Rs. 0.18 mn

Expenses for the period totalled Rs. 1.7 mn and consisted of Rs. 0.1 mn remuneration to the trustee of the fund, Rs. 0.02 mn fee to the SECP and Rs. 0.5 mn remuneration to the management company. As a result net loss for the quarter was amounted to Rs. 1.9 mn.

<b>Financial highlights</b>	<b>September 30, 2011</b>
	<b>Rupees</b>
Mark up/interest income	6,943,343
Mark up Reversal	(12,414,956)
Provision Reversal	6,000,000
<b>Total Income</b>	<b>(175,435)</b>
Expenses	1,680,929
<b>Net Income</b>	<b>(1,856,365)</b>
Net Asset Value per unit (Rupees)	9.40

As of 30 September the net assets of the Fund were Rs. 123.4 mn, of which 12.6% was held as cash while TFCs comprised the major investment with 85.2%. The weighted average time to maturity of the portfolio as of 30 September was 5.15 years.

**Asset Allocation [30.09.11]**



## RETURN DURING THE PERIOD FOR INVESTORS

During the quarter ended 30 September the Fund had generated an annualized return of -4.96%.

## RECENT DEVELOPMENTS

Fund size has continued to decrease. TFC holdings including PACE and MAPLE have defaulted on their payment schedules. The manager is looking into a revaluation of their book value due to their distressed nature. Also a provisioning reversal of Rs. 6.0 mn was booked as partial payment against a previously delinquent asset was received.

## MACROECONOMIC OUTLOOK

In 1QFY12 the SBP has cut the discount rate by 50bps to 13.5%. More recently the FBS rebased the inflation index and decreased the weight of food & beverages in the CPI basket. As a result CPI has dropped to 10.46% in Sep11 which means that real interest rates are now positive and one of the highest in the region. In addition the government has retired SBP borrowing during the 1Q and is well within the limits agreed upon with the central bank. However the burden of deficit financing has been shifted to domestic scheduled banks who have more than doubled their lending to the government over the last year.

Meanwhile worker remittances set a new all time record in Aug11 with an inflow of \$1.3 bn. Exports also continue to show robust growth during the new fiscal year though the trade deficit has shown an uptrend as oil imports traditionally increase during this period. FX reserves remain in excess of \$17.0 bn but the PKR has recently seen some weakness against the USD as political disputes created uncertainty.

With economic growth continuing to lag and private sector borrowing shrinking, further monetary easing is expected through FY12. The SBP has already cut the discount rate by a further 1.5% to 12.0% in Oct11 and we project that it will decrease to 11.0% over the next three quarters.

However there are few risks to the improving macroeconomic scenario. Chief amongst them are higher commodity prices. With crude oil showing strength, the pass through in petroleum and electricity prices will become essential if the government does not wish to spend scarce resources on subsidizing consumption. The pass through of these higher commodity prices to domestic consumers and inflationary effect along the value chain is expected to keep CPI in double digits during the current fiscal year.

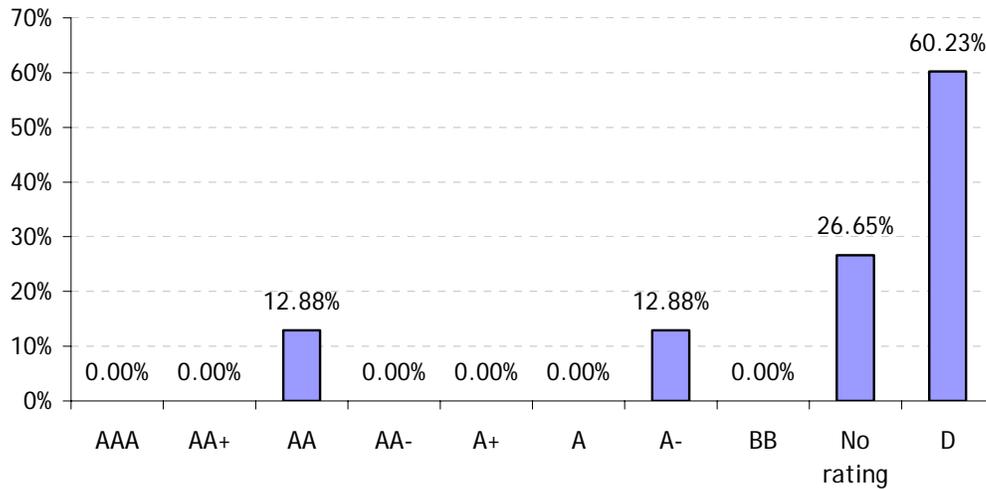
Though successfully shifting the burden of deficit financing from the SBP to domestic scheduled banks will have beneficial effects on demand led inflation it will and has led to tighter liquidity, private sector crowding out and higher short to medium term yields. This raises concerns on economic growth as access to cheap credit is essential to generate momentum from the recessionary effect of the 2008 supply side shocks. With \$3.3 billion in principal and interest payments due over the next 12 months, a drawdown in FX reserves combined with a widening deficit could put the PKR under pressure against the USD.

Thus while the macroeconomic environment has improved considerably and unexpectedly over the last quarter there remain red flags which threaten this recovery. We have a firm conviction on the peak of the interest rate cycle and expect monetary easing to continue during FY12, however the length of this cycle will be determined by the above mentioned red flags.

## STRATEGY

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

- Allocation to TFCs will continue to be reduced so that NAV volatility can be minimized in the coming months.
  - Ensure liquidity and ability to meet redemptions.
-

**Credit Quality****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  
October 25, 2011**

**Muddassar Malik  
Chief Executive Officer**

INTERIM CONDENSED STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2011

	<i>Note</i>	<b>September 30 2011 (Un-Audited) (Rupees)</b>	<b>June 30, 2011 (Audited) (Rupees)</b>
<b>Assets</b>			
Bank balances	5	16,276,059	55,263
Investments	6	105,203,799	105,202,489
Mark-up / interest receivable	7	3,747,742	12,659,316
Preliminary expenses and floatation cost	8	897,657	1,149,435
Deposits and other receivables	9	3,121,845	3,121,845
<b>Total assets</b>		<b>129,247,102</b>	<b>122,188,348</b>
<b>Liabilities</b>			
Remuneration payable to the Management company	10	230,118	139,840
Remuneration payable to the Trustee	11	32,787	33,973
Annual fee payable to Securities and Exchange Commission of Pakistan	12	23,530	142,958
Payable against redemption of units		3,677,301	-
Accrued expenses and other liabilities	13	1,875,149	2,719,083
<b>Total liabilities</b>		<b>5,838,885</b>	<b>3,035,854</b>
<b>CONTINGENCY</b>	14	-	-
<b>NET ASSETS</b>		<b>123,408,217</b>	<b>119,152,494</b>
<b>Unit Holders' Fund</b> (as per statement attached)		<b>123,408,217</b>	<b>119,152,494</b>
<b>Number of units in issue</b>		<b>13,128,396</b>	<b>12,517,187</b>
<b>Net asset value per unit – Rupees</b>		<b>9.40</b>	<b>9.52</b>

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

**Muddassar Malik  
Chief Executive Officer**

**Tashfin I Huq  
Director**

INTERIM CONDENSED INCOME STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011  
(UNAUDITED)

	<i>Note</i>	Quarter ended September 30, 2011 (Rupees)	Quarter ended September 30, 2010 (Rupees)
<b>Income</b>			
Mark-up/ interest income on investments, bank balances and term deposits-net		<b>6,943,343</b>	11,126,856
Reversal of markup income on investments classified as non-performing	6.1.1 & 6.2.2	<b>(12,414,956)</b>	
Loss on sale of investments - net		-	(14,483,638)
Unrealised Gain / (loss) on Investments at fair value through profit or loss		<b>1,310</b>	(37,147,054)
Reversal of provision held for impairment against investments	6.3.1	<b>6,000,000</b>	61,193,468
Element of (loss) / income and capital (loss) / gains included in price of units issued less those in units redeemed – net		<b>(868,035)</b>	1,151,957
Other Income		<b>162,902</b>	-
<b>Total Income</b>		<b>(175,435)</b>	21,841,588
<b>Expenses</b>			
Remuneration of the Management company		<b>545,063</b>	1,168,741
Remuneration of the Trustee		<b>100,547</b>	148,381
Annual fee to Securities and Exchange Commission of Pakistan		<b>23,530</b>	58,437
Amortization of preliminary expenses and floatation cost		<b>251,778</b>	251,778
Auditors' remuneration		<b>118,567</b>	116,111
Professional Charges		<b>530,000</b>	-
Other Expenses		<b>111,445</b>	166,296
<b>Total expenses</b>		<b>1,680,929</b>	1,909,744
<b>Net (Loss) / Income</b>		<b>(1,856,365)</b>	19,931,844
<b>Earning per unit</b>	<b>15</b>	-	-

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

**Muddassar Malik  
Chief Executive Officer**

**Tashfin I Huq  
Director**

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011  
(UNAUDITED)

	Quarter ended September 30, 2011 (Rupees)	Quarter ended September 30, 2010 (Rupees)
Net (loss)/Income for the period	(1,856,365)	19,931,844
Other Comprehensive income	-	-
<b>Total Comprehensive (loss) / income for the period</b>	<b><u>(1,856,365)</u></b>	<b><u>19,931,844</u></b>

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

**Muddassar Malik  
Chief Executive Officer**

**Tashfin I Huq  
Director**

INTERIM CONDENSED DISTRIBUTION STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011  
(UNAUDITED)

	Quarter ended September 30, 2011 (Rupees)	Quarter ended September 30, 2010 (Rupees)
Undistributed income/ (loss) brought forward	(5,916,986)	17,584,232
Final distribution at the rate of Rs. 1.12 per unit for the year ended June 30, 2010	-	(37,983,475)
Net (loss) / Income for the period	(1,856,365)	19,931,844
Undistributed (loss) carried forward	<u>(7,773,351)</u>	<u>(467,399)</u>

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

For BMA Asset Management Company Limited  
(Management Company)

Muddassar Malik  
Chief Executive Officer

Tashfin I Huq  
Director

INTERIM CONDENSED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011  
(UNAUDITED)

	<b>Quarter ended September 30, 2011 (Rupees)</b>	<b>Quarter ended September 30, 2010 (Rupees)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/ income for the period	(1,856,365)	19,931,844
<b>Adjustments for:</b>		
Mark-up/ interest income on investments, bank balances and term deposit	6,943,343	(11,126,856)
Reversal of markup income on investments classified as non-performing	(12,414,956)	-
Unrealized gain / loss on Investments at fair value through profit and loss	1,310	37,147,054
Loss on sale of Investments – net	-	14,483,639
Element of income and capital loss / gains included in prices of units issued less those in units redeemed – net	(868,035)	(1,151,957)
Other Income	162,902	-
Amortization of preliminary expenses and floatation cost	(251,778)	251,778
	<b>(8,283,578)</b>	<b>59,535,502</b>
<b>Working capital changes</b>		
<i>(Increase) / decrease in assets</i>		
Deposits, prepayments and other receivables	-	(31,841)
	-	(31,841)
<i>Increase / (Decrease) in liabilities</i>		
Remuneration payable to the Management company	90,278	(87,896)
Remuneration payable to the Trustee	(1,186)	(8,790)
Annual fee payable to Securities & Exchange Commission of Pakistan	(119,428)	(633,933)
Payable against redemption of units	3,677,301	41,838,618
Accrued expenses and other liabilities	(843,934)	(957,562)
	<b>2,803,031</b>	<b>40,150,437</b>
Proceed from sale of securities	-	104,638,163
Markup / interest income received	16,457,290	18,284,292
Purchase of Securities	-	(41,236,746)
<b>Net cash inflow from operating activities</b>	<b>10,976,743</b>	<b>181,339,807</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received on issue of units	9,999,997	15,700,000
Cash paid / payable on redemption of units	(4,755,944)	(139,681,145)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>5,244,053</b>	<b>(123,981,145)</b>
Net (decrease) / increase in cash and cash equivalents	<b>16,220,796</b>	<b>57,358,662</b>
Cash and cash equivalents at beginning of the period	<b>55,263</b>	<b>34,457,434</b>
<b>Cash and cash equivalents at end of the period</b>	<b>16,276,059</b>	<b>91,816,096</b>

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

**Muddassar Malik  
Chief Executive Officer**

**Tashfin I Huq  
Director**

INTERIM CONDENSED STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011  
(UNAUDITED)

	<b>Quarter ended September 30, 2011 (Rupees)</b>	<b>Quarter ended September 30, 2010 (Rupees)</b>
<b>Net assets at the beginning of the period</b>	<b>119,152,494</b>	<b>356,015,483</b>
Cash received on issuance of units*	<b>9,999,997</b>	15,700,000
Cash paid / payable on redemption of units**	<b>(4,755,944)</b>	(139,681,145) (123,981,145)
Element of (loss) / (income) and capital loss / (gains) included in prices of units issued less those in units redeemed	<b>868,035</b>	(1,151,957)
Loss on sale of Investments – net	-	(14,483,638)
Unrealised Gain / Loss on Investments at fair value through profit or loss net	<b>1,310</b>	(37,147,054)
Other Loss / Income for the period	<b>(1,857,675)</b>	71,562,537
<b>Net assets at the end of the period</b>	<b>123,408,217</b>	<b>250,814,225</b>
	<b>Number of units</b>	
Number of units in issue at beginning of the period	<b>12,517,187</b>	33,853,364
Add: Number of units issued	<b>1,119,006</b>	1,470,271
Add: Bonus units issued	-	4,043,893
	<b>13,636,193</b>	39,367,528
Less Number of units redeemed	<b>507,797</b>	14,229,126
Number of units in issue at the end of the period	<b>13,128,396</b>	<b>25,138,402</b>

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

**Muddassar Malik  
Chief Executive Officer**

**Tashfin I Huq  
Director**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

**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 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 interim condensed financial statements have been prepared in accordance with the requirements of the NBFC Rules and the Non Banking Financial Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) as notified by Securities and Exchange Commission of Pakistan (SECP), directives issued by the SECP and the approved International Financial Reporting Standards (IFRS) as applicable in Pakistan. Approved IFRS comprise of such International Accounting Standards (IAS) and IFRS as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the NBFC Rules, the NBFC Regulations, or directives issued by the SECP differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations, and the said directives take precedence. The disclosures made in these interim condensed financial statements have, however, been limited based on the requirements of International Accounting Standard-34: Interim Financial Reporting.

**3. BASIS OF MEASUREMENT**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2011.

These financial statements have been presented in Pakistan Rupees which is the reporting currency of the Fund.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed for the preparation of these interim condensed financial statements are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2011.

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	Note	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
<b>5. BANK BALANCES</b>			
PLS Saving accounts	5.1	16,274,425	49,542
Current accounts		1,633	5,721
		<b>16,276,059</b>	<b>55,263</b>

5.1 Profit rates on deposit accounts range between 4.89% to 11.35% per annum (June 30, 2011: 4.89% to 12.25% pa)

	Note	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
<b>6. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Listed term finance certificates	6.1	13,435,510	13,434,200
Unlisted term finance certificates and sukuks	6.2	91,768,289	91,768,289
		<b>105,203,799</b>	<b>105,202,489</b>
<b>Held to maturity</b>			
Certificate of investment / Certificate of deposits	6.3	-	-
		<b>105,203,799</b>	<b>105,202,489</b>
Cost of investment		<b>163,154,873</b>	<b>163,154,873</b>

### 6.1 Listed term finance certificates

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

Name of investee Company	Note	As at 01 July 2011	Purchased during the period	Sold during the period	As at 30 Sep 2011	Carrying Value as at 30 September 2011 (Rupees)	Percentage of total investments on the basis of carrying value	Percentage of investment in relation to net assets of the fund
-----Number of certificates -----								
<b>Quoted</b>								
<b>Miscellaneous</b>								
Pace Pakistan Limited (15-02-08)	6.1.1	4,000	-	-	4,000	13,435,510	12.77%	10.89%
<b>Total quoted</b>						<b>13,435,510</b>	<b>12.77</b>	

## 6.2 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 investee Company	Note	As at 01 July 2011	Purchased during the period	Sold during the period	As at 30 Sep 2011	Carrying Value as at 30 September 2011	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)		
<b>Unquoted</b>								
<b>Construction and materials</b>								
Kohat Cement Limited - sukuk Issue (20-12-07)	6.2.1	10,000	-	-	10,000	32,265,469	30.67%	12.91%
Maple Leaf Cement - sukuk Issue (03-12-07)	6.2.2	19,000	-	-	24,000	59,502,820	56.56%	7.44%
<b>Household goods</b>								
New Allied Electronics (Private) Limited- term finance certificates (15-05-07)		10,000	-	-	10,000	21,472,757	20.41%	-
New Allied Electronics (Private) Limited- sukuk Issue (27-07-07)		16,000	-	-	16,000	4,721,757	4.49%	-
Provision against New Allied Electronics (Private) Limited- term finance certificates and sukuk Issue	6.2.3					(26,193,758)	-24.90%	-
<b>Total unquoted debt securities</b>						<b>91,768,289</b>	<b>87.23%</b>	

**6.1.1** During the quarter Pace Pakistan limited failed to fulfill its obligations of principal and interest payments on TFC issued on February 15, 2008 and was classified as non-performing by MUFAP. In accordance with SECP Circular No. 01 dated 06 January 2009 the interest payment due amounting to Rs. 1.7 million has been reversed and no further accruals have been booked against the security.

**6.2.1** This issue was restructured in February 2010. The terms and conditions of the said restructuring were revised during the September 2011 quarter. The revised term include increasing the tenor of the maturity of the Sukuk to September 2016 from December 2015. The investment will be paid in 21 quarterly installments at markup rate of 3 months KIBOR plus 1.5%.

**6.2.2** During the quarter Maple Leaf Cement Factory Ltd failed to fulfill its obligation of principal and interest payment on Sukuk issued on December 03 2007, and was classified as non-performing by MUFAP. In accordance with the SECP circular No. 01 dated 06 January 2009 the interest payment due amounting to 10.6 million has been reversed and no further accruals have booked against the security.

**6.2.3** This includes investment aggregating to Rs. 26.19 million against which the investee company had not made payments at the contractual dates. The principal due as of the period end has not yet been received. The overdue principal and mark-up receivable against these amounted to Rs. 24.59 million and Rs. 1.38 million, respectively. As of the balance sheet date, the above term finance certificates / sukuks 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 Board.

	Note	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
<b>6.3 Held to Maturity</b>			
<b>Certificate of Investment (COI)</b>			
First Dawood Investment Bank Limited	6.3.1	35,000,000	35,000,000
Payment received during the period		(6,000,000)	-
		<b>29,000,000</b>	35,000,000
Provision for impairment against investment classified as held to maturity		<b>(29,000,000)</b>	(35,000,000)
		<b>-</b>	<b>-</b>

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

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

Name of non-compliant investment	Type of investment	Value of Investment before provision	Provision held if any	Value of investment after provision	% of Net Assets	% of Gross Assets
Pace Pakistan Limited (15/02/08)	TFC	13,435,510	-	13,435,510	10.89%	10.40%
Kohat Cement Limited - sukuk (13-12-07)	Sukuk	32,265,469	-	32,265,469	26.15%	24.96%
Maple Leaf Cement Factory Limited – sukuk Issue (07/01/08)	Sukuk	59,502,820	-	59,502,820	48.22%	46.04%

	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
<b>7. MARK-UP/ INTEREST RECEIVABLE</b>		
On		
- Bank deposit accounts	155,273	2,515
- Investments		
Sukuk certificates	3,592,470	12,656,801
	<b>3,747,742</b>	<b>12,659,316</b>

	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
<b>8. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>		
Preliminary expenses and floatation cost incurred	1,149,435	2,148,338
Less: Amortization during the period	<u>(251,778)</u>	<u>(998,903)</u>
	<u><b>897,657</b></u>	<u><b>1,149,435</b></u>

- 8.1 The preliminary expenses and floatation cost represent initial listing fees, legal and professional charges, advertising and publicity and printing cost of trust deed and offering document and the authorization fee of the Fund.

	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
<b>9. DEPOSITS AND OTHER RECEIVABLES</b>		
<b>Security deposit with</b>		
Central Depository Company of Pakistan Limited	200,000	200,000
National Clearing Company of Pakistan Limited	2,500,000	2,500,000
Advance Tax	<u>421,845</u>	<u>421,845</u>
	<u><b>3,121,845</b></u>	<u><b>3,121,845</b></u>

**10. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY**

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 2% of such assets of the Fund. The rate used by the Management company (and the Fund) is 1.5 percent per annum of the average daily net assets of the Fund as disclosed in the offering document.

**11. REMUNERATION PAYABLE TO THE TRUSTEE**

The Trustee is entitled to a monthly remuneration out of Fund's property based on actual custodial charges/expenses and an annual tariff based on the slab rates given in the Trust Deed. 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.

**12. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

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.

	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditor's remuneration	428,566	310,000
Sales load payable	47,928	47,928
Preliminary expenses and floatation cost	1,000,000	2,000,000
Others	<u>398,655</u>	<u>361,155</u>
	<u><b>1,875,149</b></u>	<u><b>2,719,083</b></u>

**14. CONTINGENCY – PROVISION FOR CONTRIBUTION TO WORKERS, WELFARE FUND**

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

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

On 14 December 2010, the Ministry filed its response to the constitutional petition pending in the court. As per the legal counsel who is handling the case, there is contradiction between the above referred clarification issued by the Ministry and the response filed by the Ministry in the court.

Subsequent to the year end, in August 2011, the Lahore High Court has issued a judgment in response to a petition whereby the amendments introduced in WWF Ordinance through finance Acts, 2006 and 2008 are declared unconstitutional and therefore struck down. The management company, in consultation with MUFAP, is currently considering the implication arising out of the above judgment.

In view of the aforementioned developments during the year, the management company now 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 Honorable 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 September 2011 amounted to Rs. 1.4 million.

**15. EARNINGS PER UNIT**

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

**16. 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), BMA Capital Management Limited – Staff Provident Fund, BMA Financial Services Limited, 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 provision of the NBFC Regulations, 2008 and the Trust Deed respectively. Details of transactions with related parties and balances with them at the period ended are as follows:

	For the Quarter ended September 30, 2011		For the Quarter ended September 30, 2010	
	(Units)	(Rupees)	(Units)	(Rupees)
<b>Units sold to:</b>				
Directors and executives of the management company	-	-	5,072	35,564
<b>Unit holders with holding of 10% and above</b>				
MCB Bank Limited Staff Provident Fund	-	-	470,191	4,416,407
BMA Funds Limited	1,119,006	9,999,997	-	-
	For the Quarter ended September 30, 2011		For the Quarter ended September 30, 2010	
	(Units)	(Rupees)	(Units)	(Rupees)
<b>Units redeemed to:</b>				
Directors and executives of the management company	-	-	12,053	110,261
BMA Capital Management Limited	-	-	-	-
BMA Capital Management Limited Staff Provident Fund	-	-	-	-
BMA Asset Management Company Limited	-	-	-	-
<b>Unit holders with holding of 10% and above</b>				
MCB Bank Limited Staff Provident Fund	-	-	-	-
BMA Funds Limited	-	-	-	-
			<b>September 30, 2011</b>	<b>September 30, 2010</b>
			<b>(Un-Audited)</b>	
			<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Transactions with related parties</b>				
<b>Al Abbas Sugar Mills Limited</b>				
- Income received on term finance certificate			-	1,473,573
<b>BMA Asset Management Company</b>				
- Sales Load			-	-
- Remuneration to management company			545,063	1,168,741
<b>Trustee</b>				
- Remuneration of the trustee			100,547	148,381
			<b>September 30, 2011</b>	<b>June 30, 2011</b>
	<b>(Units)</b>	<b>(Rupees)</b>	<b>(Units)</b>	<b>(Rupees)</b>
<b>Units Held by:</b>				
- Directors and executives of the management company	546	5,134	34,391	307,194
<b>Unit holders with holding of 10% and above</b>				
MCB Bank Limited Staff Provident Fund	4,406,382	41,420,430	4,406,382	39,359,525
BMA Funds Limited	2,081,165	19,563,159	448,324	4,267,646
			<b>September 30, 2011</b>	<b>June 30, 2011</b>
			<b>(Rupees)</b>	
<b>Balances with related parties:</b>				
<b>BMA Asset Management Company</b>				
- Remuneration payable to the management company			230,118	139,840
- Formation cost payable			1,000,000	2,000,000
<b>Trustee</b>				
- Remuneration payable to the trustee			32,787	33,973

**17. DATE OF AUTHORISATION FOR ISSUE**

These interim condensed financial statements were authorised for issue by the Board of Directors of the management company on October 25, 2011.

**18. GENERAL**

**18.1** 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**