

**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>CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES.....</b>	<b>6</b>
<b>CONDENSED INTERIM INCOME STATEMENT.....</b>	<b>7</b>
<b>CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME.....</b>	<b>8</b>
<b>CONDENSED INTERIM DISTRIBUTION STATEMENT .....</b>	<b>9</b>
<b>CONDENSED INTERIM CASH FLOW STATEMENT .....</b>	<b>10</b>
<b>CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND...11</b>	
<b>NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS .....</b>	<b>12</b>

**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	Chairman
Mr. Muhammad Iqbal	
Mr. Muddassar Malik	

**Trustee**

MCB Financial Services Limited  
Trustee Office 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 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**

A-(f)

**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 the report of the Fund for the period ending September 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 KIBOR.

### FUND’S FINANCIAL PERFORMANCE

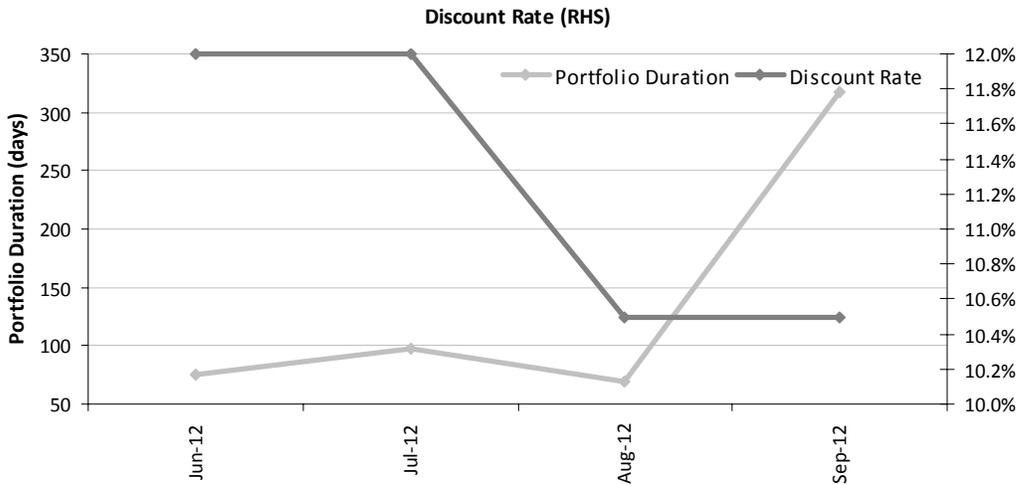
During 1QFY13 the Fund earned Rs. 12.16 mn from income on investments, bank balances and term deposits. Gain on sale of investments was Rs. 0.51 mn while the unrealized gain stood at Rs. 0.35 mn. Reversal of impairment generated another Rs. 8.25 mn. Element of income from issue/redemption of units was Rs. -0.55 mn. Total income thus came to Rs. 20.87 mn.

Expenses for the period totalled Rs. 2.45 mn and consisted of Rs. 0.19 mn remuneration to the trustee of the fund, Rs. 0.08 mn fee to the SECP and Rs. 1.54 mn remuneration to the management company. As a result net income for the period was Rs. 18.42 mn.

<b>Financial highlights</b>	<b>September 30, 2012</b>
	<b>Rupees</b>
Mark up/interest income	12,161,099
Gain on sale of investments	509,944
Unrealized gain on investments	349,012
Provision reversal	8,250,000
Element of income	(545,141)
<b>Total Income</b>	<b>20,869,754</b>
Expenses	2,449,230
<b>Net Income</b>	<b>18,420,523</b>
Net Asset Value per unit	7.9807

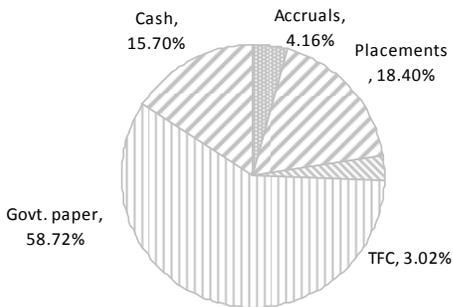
### INVESTMENT STRATEGY

During this period the fund aimed to maintain majority exposure in government rated debt while selectively deploying assets in high yielding placements. This enabled the fund to generate a competitive rate of return while retaining liquidity and the ability to respond quickly in an uncertain macroeconomic environment. It also allowed management to pay out dividends on a monthly basis. During the outgoing quarter the portfolio duration of the fund was increased from 75 days (June 2012) to the 317 days (September 2012). This was done so that the fund could derive the greatest benefit from the decline in yields.

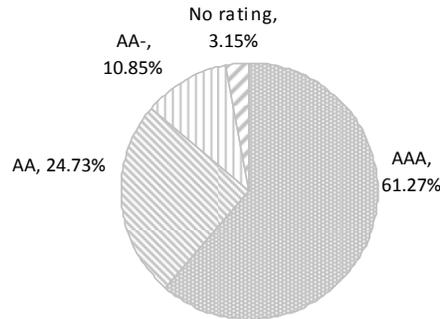


As of 30 September 2012 the net assets of the Fund were Rs. 374.95 mn, of which 15.70% was held as cash, TFCs comprised 3.02% while exposure to PIBs, T bills and placements was built up to 6.83%, 51.89% and 18.40% respectively. In line with this asset allocation the credit quality of the fund remained high with 61.3% allocated to sovereign rated debt, 24.7% to AA and 10.85% to AA- and 3.15% to unrated instruments.

**Asset Allocation - 30 Sep 2012**



**Credit Quality - 30 Sep 2012**



**RETURN DURING THE PERIOD FOR INVESTORS**

During 1QFY13 the Fund generated an annualized return of 18.94% and was the amongst the top performing aggressive income funds in the industry. For the 9 months ended 30 September 2012 the Fund generated an annualized return of 25.12% against the industry average of 9.74%, an out performance of 15.38%.

**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 17<sup>th</sup> 2011 the fund has generated an absolute return of 37.14% till September 30 2012. Moreover over 96% 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. As a result on October 5<sup>th</sup> 2012 PACRA awarded BCSF a fund stability rating of “A-(f)” which denotes a strong capacity to manage relative stability in returns and low exposure to risks. .

**MACROECONOMIC OUTLOOK**

The monetary easing cycle initiated by the SBP in August 2012 came as a surprise to many market participants given that significant headwinds on the external and fiscal accounts were expected later on in the year. The rationale for this stimulus is that inflation has declined into single digits (8.79% in September 2012), real interest rates are positive while investment as a percentage of GDP has dropped to under 12.0%. In order to encourage private sector credit off take and stimulate economic growth the SBP has reduced the discount rate by 200 bps from 12.0% to 10.0% and further cuts are expected before the end of the year. It seems that the SBP has come to accept that supply side inflation cannot be controlled by demand side instruments and that a tight policy in a low growth environment can be detrimental to macroeconomic stability.

While we project another rate cut of 50 bps in December 2012, our main concern on the monetary cycle remains its sustainability. We believe that the burden of budgetary financing, debt repayments running close to \$6.0 bn and consistently higher oil prices will put pressure on FX reserves, see the return of double digit inflation in 2HFY13 and force a return to the IMF. With the IMF having already stated that the SBP's current monetary stance is too accommodative, we expect that any entry into another loan program will be preceded by a tightening of the interest rate environment. For this reason we recommend that the investment strategy to be employed in fixed income and money markets should be based on increasing duration to take advantage of falling yields and realizing gains at the bottom of the interest rate cycle.

**FUTURE 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
- Use a portion of the portfolio to actively trade PIBs/T bills for yield enhancement
- Continue to improve credit quality and liquidity profile
- Maintain 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

**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 31, 2012**

**Muddassar Malik  
Chief Executive Officer**

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2012

	<i>Note</i>	<b>September 30 2012 (Un-Audited) (Rupees)</b>	<b>June 30, 2012 (Audited) (Rupees)</b>
<b>Assets</b>			
Bank balances	5	<b>58,450,703</b>	21,464,952
Investments	6	<b>306,520,034</b>	352,766,103
Mark-up / interest receivable	7	<b>9,071,897</b>	8,308,486
Preliminary expenses and floatation cost	8	-	147,795
Deposits and other receivables	9	<b>3,121,845</b>	3,121,845
<b>Total assets</b>		<b>377,164,479</b>	385,809,181
<b>Liabilities</b>			
Remuneration payable to the Management company	10	<b>596,165</b>	580,988
Remuneration payable to the Trustee	11	<b>61,425</b>	60,332
Annual fee payable to Securities and Exchange Commission of Pakistan	12	<b>77,161</b>	148,801
Payable against redemption of units		<b>3,609,581</b>	-
Accrued expenses and other liabilities	13	<b>1,140,225</b>	1,791,939
<b>Total liabilities</b>		<b>5,484,557</b>	2,582,060
<b>CONTINGENCY</b>	14	-	-
<b>NET ASSETS</b>		<b>371,679,922</b>	383,227,121
<b>Unit Holders' Fund</b> (as per statement attached)		<b>371,679,922</b>	383,227,121
<b>Number of units in issue</b>		<b>46,589,037</b>	48,499,460
<b>Net asset value per unit – Rupees</b>		<b>7.98</b>	7.90

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**

CONDENSED INTERIM INCOME STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012  
(UNAUDITED)

	<i>Note</i>	<b>Quarter ended September 30, 2012 (Rupees)</b>	<b>Quarter ended September 30, 2011 (Rupees)</b>
<b>Income</b>			
Mark-up/ interest income on investments, bank balances and term deposits		<b>12,161,099</b>	6,943,343
Reversal of markup income on investments classified as non-performing	6.1.1 & 6.2.2	-	(12,414,956)
Gain on sale of investments - net		<b>509,944</b>	-
Unrealised Gain / (loss) on Investments at fair value through profit or loss		<b>349,012</b>	1,310
Reversal of provision held for impairment against investments	6.3.1	<b>8,250,000</b>	6,000,000
Element of (loss) / income and capital (loss) / gains included in price of units issued less those in units redeemed – net		<b>(545,141)</b>	(868,035)
Other Income		<b>144,840</b>	162,902
<b>Total Income</b>		<b>20,869,754</b>	<b>(175,435)</b>
<b>Expenses</b>			
Remuneration of the Management company		<b>1,543,212</b>	545,063
Sales tax on management fee		<b>246,917</b>	-
Remuneration of the Trustee		<b>185,295</b>	100,547
Annual fee to Securities and Exchange Commission of Pakistan		<b>77,161</b>	23,530
Amortization of preliminary expenses and floatation cost		<b>147,795</b>	251,778
Auditors' remuneration		<b>117,201</b>	118,567
Professional Charges		-	530,000
Other Expenses		<b>131,649</b>	111,445
<b>Total expenses</b>		<b>2,449,230</b>	1,680,929
<b>Net Income / (Loss)</b>		<b>18,420,523</b>	<b>(1,856,365)</b>
<b>Earning per unit</b>	15	-	-

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**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012  
(UNAUDITED)

	Quarter ended September 30, 2012 (Rupees)	Quarter ended September 30, 2011 (Rupees)
Net Income/(loss) for the period	18,420,523	(1,856,365)
Other Comprehensive income	-	-
<b>Total Comprehensive income/(loss) for the period</b>	<b>18,420,523</b>	<b>(1,856,365)</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**

CONDENSED INTERIM DISTRIBUTION STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012  
(UNAUDITED)

	Quarter ended September 30, 2012 (Rupees)	Quarter ended September 30, 2011 (Rupees)
Undistributed income/ (loss) brought forward	<b>(101,666,411)</b>	(5,916,986)
First distribution at the rate of Rs. 0.05 per unit approved on 30 July 2012 (2011: Nil)	<b>(2,425,952)</b>	-
Second distribution at the rate of Rs. 0.05 per unit approved on 30 August 2012 (2011: Nil)	<b>(3,268,562)</b>	-
Third distribution at the rate of Rs. 0.2 per unit approved on 27 September 2012 (2011: Nil)	<b>(9,177,625)</b>	-
Net Income / (Loss) for the period	<b>18,420,523</b>	(1,856,365)
Undistributed (loss) carried forward	<b><u>(98,118,026)</u></b>	<b><u>(7,773,351)</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**

CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012  
(UNAUDITED)

	<b>Quarter ended September 30, 2012 (Rupees)</b>	<b>Quarter ended September 30, 2011 (Rupees)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period	18,420,523	(1,856,365)
<b>Adjustments for:</b>		
Mark-up/ interest income on investments, bank balances and term deposit	(12,161,099)	(11,126,856)
Reversal of markup income on investments classified as non-performing	-	-
Unrealized gain / loss on Investments at fair value through profit and loss	(349,012)	37,147,054
Gain on sale of Investments – net	(509,944)	14,483,639
Element of (loss) / income and capital loss / gains included in prices of units issued less those in units redeemed – net	545,141	(1,151,957)
Other Income	(144,840)	-
Amortization of preliminary expenses and floatation cost	(147,795)	251,778
	5,952,974	59,535,502
<b>Working capital changes</b>		
<i>(Increase) / decrease in assets</i>	-	-
Deposits, prepayments and other receivables	-	-
	-	-
<i>Increase / (Decrease) in liabilities</i>		
Remuneration payable to the Management company	15,177	90,278
Remuneration payable to the Trustee	1,093	(8,790)
Annual fee payable to Securities & Exchange Commission of Pakistan	71,640	(119,428)
Payable against redemption of units	3,609,581	3,677,301
Accrued expenses and other liabilities	(651,714)	(957,562)
	3,045,776	2,803,031
Proceed from sale of securities	847,835,221	-
Markup / interest income received	11,542,528	16,457,290
Purchase of Securities	(731,873,477)	-
<b>Net cash inflow from operating activities</b>	136,498,614	10,976,743
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received on issue of units	140,043,745	9,999,997
Cash paid / payable on redemption of units	(170,556,608)	(4,755,944)
<b>Net cash (outflow) / inflow from financing activities</b>	(30,512,863)	5,244,053
Net (decrease) / increase in cash and cash equivalents	105,985,751	16,220,796
Cash and cash equivalents at beginning of the period	21,464,703	55,263
<b>Cash and cash equivalents at end of the period</b>	127,450,703	16,276,059

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**

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012  
(UNAUDITED)

	Quarter ended September 30, 2012 (Rupees)	Quarter ended September 30, 2011 (Rupees)
<b>Net assets at the beginning of the period</b>	383,227,121	119,152,494
Cash received on issuance of units*	140,043,745	9,999,997
Cash paid / payable on redemption of units**	(170,556,608) (30,512,863)	(4,755,944) 5,244,053
Element of (loss) / (income) and capital loss / (gains) included in prices of units issued less those in units redeemed	545,141	868,035
Gain on sale of Investments – net	509,944	-
Unrealised Gain / Loss on Investments at fair value through profit or loss net	349,012	1,310
Other Income / (loss) for the period	17,561,568	(1,857,675)
<b>Net assets at the end of the period</b>	<b>371,679,922</b>	<b>123,408,217</b>
	<b>Number of units</b>	
Number of units in issue at beginning of the period	48,499,460	12,517,187
Add: Number of units issued	17,534,430	1,119,006
Add: Bonus units issued	1,871,477	-
	67,905,367	13,636,193
Less Number of units redeemed	21,316,330	507,797
Number of units in issue at the end of the period	<b>46,589,037</b>	<b>13,128,396</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 CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 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 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, 2012.

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, 2012.

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

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalization account called “element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed” is created.

The “element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed” account is credited with the amount representing net income and capital gain accounted for in the announced net asset value and included in the sale proceeds of units. Upon redemption of units, the “element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed” account is debited with the amount representing net income and capital gain accounted for in the last announced net asset value and included in the redemption price.

During the period, the Fund has revised its methodology for recognition of element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in the units redeemed in the financial statements. As per the revised methodology, element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed is recognised in the income statement to the extent it is represented by increase in net income and capital gains earned during the period. Previously, the element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed represented by net income and capital gain carried forward from previous periods was also recognised in the income statement. The effect of revision in methodology has been incorporated in the current period.

Had the methodology not been changed, net income and other comprehensive income for the period would have been higher by Rs. 3.5 million. However, the change has no effect on the net assets of the Fund.

	Note	September 30, 2012 (Un-Audited) (Rupees)	June 30, 2012 (Audited) (Rupees)
<b>5. BANK BALANCES</b>			
PLS Saving accounts	5.1	58,450,470	21,464,720
Current accounts		232	232
		<u>58,450,703</u>	<u>21,464,952</u>

5.1 Profit rates on deposit accounts range between 4.89% to 9.00% per annum (June 30, 2012: 4.89% to 11.35% pa)

	Note	September 30, 2012 (Un-Audited) (Rupees)	June 30, 2012 (Audited) (Rupees)
<b>6. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Listed term finance certificates	6.1	-	-
Unlisted term finance certificates and sukuks	6.2	9,980,346	11,441,184
Government Securities	6.3	227,539,688	271,441,184
		<u>237,520,034</u>	<u>282,766,103</u>
<b>Held to maturity</b>			
Certificate of investment / Certificate of deposits	6.3	69,000,000	70,000,000
		<u>306,520,034</u>	<u>352,766,103</u>
Cost of investment		<u>352,561,250</u>	<u>328,952,884</u>

## 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 2012	Purchased during the period	Sold during the period	As at 30 Sep 2012	Carrying Value as at 30 September 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)		
<b>Quoted</b>								
<b>Miscellaneous</b>								
Pace Pakistan Limited (15-02-08)		4,000	-	-	4,000	13,435,510	-	-
Provision against Pace Pakistan Limited	6.1.1					(13,434,200)	-	-
<b>Total quoted</b>						-	-	-

- 6.1.1 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 Board decided to fully provide against this security given the lack of price discovery, absence of liquidity and poor financial outlook.

## 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 2012	Purchased during the period	Sold during the period	As at 30 Sep 2012	Carrying Value as at 30 September 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)		
<b>Unquoted</b>								
<b>Construction and Materials</b>								
Kohat Cement Limited- Sukuk Issue (20-12-07)		10,000	-	-	10,000	9,980,368	3.26%	2.69%
<b>Household goods</b>								
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	4,721,757	-	-
Provision against New Allied Electronics (Private) Limited- term finance certificates and sukuk Issue	6..2.1					(26,193,758)	-	-
<b>Total unquoted debt securities</b>						9,980,368	3.26	2.69%

- 6.2.1 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 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.

**6.2.2** 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 and principal redemption payments on the same are being received regularly. 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.

### 6.3 Government securities

Type of instrument	Issue date	Tenor (months)	Face Value	------(Quantity)-----					Fair Value as at 30 Sept 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 2012	Purchases during the period	Sales during the period	Maturities during the period	As at Sept 30, 2012			
T-bills	26 Jan 12		100	260,000	255,000	-	515,000	-	-	-	-
T-bills	19 Apr 12		100	550,000	-	162,000	550,000	-	-	-	-
T-bills	14 Jun 12		100	500,000	-	-	338,000	-	-	-	-
T-bills	26 Jan 12		100	850,000	-	-	850,000	-	-	-	-
T-bills	25 Aug 11		100	300,000	-	-	300,000	-	-	-	-
T-bills	17 May 12		100	350,000	-	-	350,000	-	-	-	-
T-bills	03 May 12		100	-	150,000	-	150,000	-	-	-	-
T-bills	31 May 12		100	-	500,000	-	500,000	-	-	-	-
T-bills	28 Jun 12	3	100	-	-	127,000	127,000	-	-	-	-
T-bills	03 Nov 11	12	100	-	12,000	-	-	12,000	1,189,521	0.39%	0.31%
T-bills	03 Nov 12	12	100	-	109,000	-	-	109,000	10,805,419	3.53%	2.85%
T-bills	06 Oct 11	12	100	-	170,000	-	-	170,000	16,985,432	5.54%	4.43%
T-bills	12 Jul 12	3	100	-	-	550,000	-	300,000	29,974,273	9.78%	7.82%
T-bills	26 Jul 12	6	100	-	-	1,250,000	-	384,000	37,221,444	12.14%	9.71%
T-bills	12 Jul 12	3	100	-	-	2,000,000	-	1,000,000	99,914,238	32.60%	26.07%
T-bills	26 Jul 12	6	100	-	-	20,000	-	20,000	1,938,386	0.63%	0.51%
T-bills	20 Sept 12	12	100	-	-	41,000	-	41,000	3,737,951	1.22%	0.98%
PIB	19 Jul 12	10 years	100	-	-	250,000	-	250,000	25,773,025	8.41%	6.73%
<b>227,539,688</b>									<b>74.23%</b>	<b>59.37%</b>	

**Note 30 Sept 2012 30 June 2012**  
**(Rupees)**

### 6.4 Held to Maturity

#### Certificate of Investment (COI)

First Dawood Investment Bank Limited  
Payment received during the period

6.4.1	<b>7,250,000</b> <b>(7,250,000)</b>	35,000,000 (27,750,000)
	-	7,250,000

Provision for impairment

- (7,250,000)

Pak Brunei Investment Company Limited

6.4.2 **30,000,000** 40,000,000

Pak Oman Investment Company Limited

- 30,000,000

Pak Libya holding Company Limited

6.4.2 **39,000,000** -

**69,000,000** **70,000,000**

- 6.4.1** 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 08 August 2011 after the parties submitted a compromise application. A compromise has been reached with FDIBL vide which FDIBL agreed to pay Rs. 35 million in five installments till August 2012. The last installment in this regard has been received and the amount has been settled in full.
- 6.4.2** The Fund has made investments in COI issued by Pak Brunei Investment Company Limited and Pak Libya holding Company Limited at a yield of 10.60% and 10.75% respectively with maturity dates of 10 December 2012 and 24 December 2012 respectively. These COIs represents 8.07% and 10.49% of the total investments on the basis of fair value respectively.

**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
Government Securities	T Bills	227,539,688	-	227,539,688	61.22%	60.33%
Pak Libya holding Company Limited	COI	39,000,000	-	39,000,000	10.49%	10.34%

**7. MARK-UP/ INTEREST RECEIVABLE**

	September 30, 2012 (Un-Audited) (Rupees)	June 30, 2012 (Audited) (Rupees)
On		
- Bank deposit accounts	1,210,831	121,823
- Investments		
Term finance certificate and Sukuk certificates	6,989,752	7,005,074
Certificate of Investments	263,363	1,181,589
Pakistan Income Bond	607,951	-
	<u>9,071,897</u>	<u>8,308,486</u>

**8. PRELIMINARY EXPENSES AND FLOATATION COSTS**

	September 30, 2012 (Un-Audited) (Rupees)	June 30, 2012 (Audited) (Rupees)
Preliminary expenses and floatation cost incurred	147,795	1,149,435
Less: Amortization during the period	(147,795)	(1,001,640)
	<u>-</u>	<u>147,795</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.

	<b>September 30, 2012 (Un-Audited) (Rupees)</b>	<b>June 30, 2012 (Audited) (Rupees)</b>
<b>9. DEPOSITS AND OTHER RECEIVABLES</b>		
<b>Security deposit with</b>		
Central Depository Company of Pakistan Limited	<b>200,000</b>	200,000
National Clearing Company of Pakistan Limited	<b>2,500,000</b>	2,500,000
Advance Tax	<b>421,845</b>	421,845
	<b><u>3,121,845</u></b>	<b><u>3,121,845</u></b>

**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.

	<b>September 30, 2012 (Un-Audited) (Rupees)</b>	<b>June 30, 2012 (Audited) (Rupees)</b>
<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditor's remuneration	<b>497,950</b>	380,749
Sales load payable	<b>219,988</b>	269,896
Preliminary expenses and floatation cost	-	1,000,000
Others	<b>422,287</b>	141,294
	<b><u>1,140,225</u></b>	<b><u>1,791,939</u></b>

**14. 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 September 2012 amounted to Rs. 1.74 million (2011: Rs. 1.4 million). Had a provision of WWF been made the NAV per unit would have been lower by Rs. 0.037.

#### **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), 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 Quarter ended September 30, 2012 (Units) (Rupees)		For the Quarter ended September 30, 2011 (Units) (Rupees)	
<b>Units sold to:</b>				
Directors and executives of the management company	127,378	1,014,318	-	-
<b>Associate Companies</b>				
BMA Capital Management Limited	3,025,131	24,142,815	-	-
BMA Capital Management Limited Staff Provident Fund	-	-	-	-
BMA Asset Management Company Limited	858,372	6,821,417	-	-
BMA Asset Management Company Limited Staff Provident Fund	26,155	207,856	-	-
<b>Unit holders with holding of 10% and above</b>				
MCB Bank Limited Staff Provident Fund	167,921	1,334,453	-	-
BMA Funds Limited	79,310	630,272	1,119,006	9,999,997
Habib Metropolitan Bank limited	177,739	1,412,476	-	-
	For the Quarter ended September 30, 2012 (Units) (Rupees)		For the Quarter ended September 30, 2011 (Units) (Rupees)	
<b>Units redeemed to:</b>				
Directors and executives of the management company	119,155	965,704	-	-
<b>Associate Companies</b>				
BMA Capital Management Limited	3,021,583	24,400,125	-	-
BMA Capital Management Limited Staff Provident Fund	-	-	-	-
BMA Asset Management Company Limited	-	-	-	-
BMA Asset Management Company Limited Staff Provident Fund	-	-	-	-
<b>Unit holders with holding of 10% and above</b>				
MCB Bank Limited Staff Provident Fund	-	-	-	-
BMA Funds Limited	-	-	-	-
Habib Metropolitan Bank Limited	-	-	-	-
			September 30, 2012      2011 (Un-Audited) (Rupees)    (Rupees)	
<b>Transactions with related parties</b>				
<b>BMA Asset Management Company</b>				
- Sales Load			-	-
- Remuneration to management company			1,543,212	545,063
<b>Trustee</b>				
- Remuneration of the trustee			185,295	100,547
	September 30, 2012 (Units) (Rupees)		June 30, 2012 (Units) (Rupees)	
<b>Units Held by:</b>				
- Directors and executives of the management company	340,067	2,712,038	246,989	1,951,631
<b>Associated Companies</b>				
<b>BMA Capital Management Company</b>	3,548	28,296	-	-
<b>BMA Capital Management Company Staff Provident Fund</b>				
<b>BMA Asset Management Company Limited</b>	23,382,780	186,477,669	22,524,408	177,981,112
<b>BMA Asset management Company Limited Staff Provident Fund</b>	712,498	5,682,169	686,342	5,423,270
<b>Unit holders with holding of 10% and above</b>				
MCB Bank Limited Staff Provident Fund	4,574,303	36,480,064	4,406,382	34,817,908
BMA Funds Limited	2,160,475	17,229,789		
Habib Metropolitan Bank Limited	4,841,752	17,229,789		

	September 30, 2012 (Rupees)	June 30, 2012 (Rupees)
<b>Balances with related parties:</b>		
<b>BMA Asset Management Company</b>		
- Remuneration payable to the management company	596,165	580,988
- Formation cost payable	-	1,000,000
<b>Trustee</b>		
- Remuneration payable to the trustee	61,425	60,332

**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 31, 2012.

**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**