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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. Arif Masood Naqvi	Chairman
Mr. Muddassar Malik	Chief Executive
Mr. Waqar Hassan Siddique	Director
Mr. Mustafa Abdel Wadood	Director
Mr. Thomas James Speechley	Director
Mr. Farrukh Hussain Khan	Director
Mr. Moazzam Malik	Director
Mr. Muhammad Iqbal	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Amir Iqbal

Audit Committee of the Management Company

Mr. Farrukh Hussain Khan	Chairman
Mr. Moazzam Malik	
Mr. Muhammad Iqbal	

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
The Bank of Khyber
Faysal Bank Limited
MCB Bank Limited

Distributors

Standard Chartered Bank Pakistan Limited
BMA Financial Services Limited

Auditors

Ernest & 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

Management Quality Rating

AM2- by JCR VIS Credit Rating Company Limited

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 audited financial statements of the Fund for the year ended June 30, 2009.

PROFILE

The announcement of the BMA Chundrigar Road Savings Fund was made on 14 August, 2007, Pakistan's 60th year of independence and 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 365 days. 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 FY09 (Jul08-Jun09) the Fund earned PKR 302.7 mn from income on investments, bank balances and term deposits. Due to the SECP circular of Nov 08 and the subsequent fall in TFC/Sukuk prices the fund had a net unrealized loss of PKR 224.5 mn. Moreover in an effort to generate liquidity and reduce exposure to corporate debt, BCSF divested a portion of its TFC holdings which resulted in a loss on sale of investments totalling PKR 99.8 mn. With PKR17.1mn realized from element of income, total income came to negative PKR 4.6 mn.

Expenses for the period totalled PKR 37.8 mn and consisted of PKR 2.0 mn remuneration to the trustee of the fund, PKR 1.9 mn annual fee to the SECP and PKR 31.0 mn remuneration to the management company.

As of 30 June the total assets of the Fund were PKR1,166.9 mn, of which PKR377.4mn (32.3%) were in cash and bank deposits while PKR 748.1 mn (64.1%) were invested in Term Finance Certificates and Certificates of Investment. The portfolio duration as of 30 June was 54 days, which is consistent with the Fund's investment strategy of maintaining liquidity in a dynamic interest rate environment.

RECENT DEVELOPMENTS

As stated in the director's report for Mar 09, the SECP circular No.26 in conjunction with a precarious macroeconomic and high interest rate environment caused a crisis of confidence in the entire mutual fund industry. In order to minimize further downside and ensure transparency in the true value of the Fund's portfolio, management implemented an aggressive provisioning policy. This had two benefits; firstly unit holders were assured that BCSF's NAV reflected the real value of the fund and secondly the downside risk to NAV was minimized. As a result BCSF has generated an annualized return of 21.3%, 21.4% and 17.47% for the last 1M, 3M and 6M respectively.

MACROECONOMIC OUTLOOK

Following entry in to the IMF program in Nov08, macroeconomic indicators have continued to stabilize. Inflation, which peaked at 25.3% in Aug08, was down to 10.7% in Aug09. More encouragingly NFNE core inflation came down from 18.9% to 12.6% during the same period. Going forward, inflation will be largely dependent on international commodity prices and PKR depreciation; we expect that CPI will average 10.9% during FY10.

As inflation fell to more manageable levels the State Bank of Pakistan was able to commence its monetary easing cycle. The discount rate was cut by 100bps to 14.0% in Apr09 and was followed by another 100bps reduction to 13.0% in Aug09. Expectations of lower interest rates can be seen in the trends for secondary market yields. 6M KIBOR which was at 15.7% in Dec08 has declined to 12.7%, while the yields on the 1YR T-bill and 10YR PIB have declined from 14.2% and 16.6% to 12.41% and 12.51% respectively.

The FY10 budget was also announced with the most notable measure being the allocation of PKR646.0bn to the Public Sector Development Program. The emphasis this time was on strengthening and extending infrastructure, especially with regards to power generation as well as providing social safety nets for the poor. With pledges from the Friends of Democratic Pakistan expected to materialize in FY10, the government has been allowed to run an expansionary fiscal policy to stimulate economic growth and been given an additional USD3.2bn by the IMF so that priority spending is not delayed due to non availability of funds.

With oil currently stable around the USD70/barrel mark, the country's external accounts have also seen significant improvement. The trade deficit for FY09 was USD12.5bn as against USD15.0bn in FY08, on the other hand worker remittances increased by almost 21% to USD7.8bn. As a result the current account deficit dropped from USD13.9bn in FY08 to USD8.9bn in FY09. With international assistance forthcoming and the external deficits narrowing the country's FX reserves have increased to USD14.2bn, while USD:PKR parity has been stable around 83.0.

Going forward we expect interest rates to continue declining albeit at a much slower pace than is currently being expected by the market. We project that the discount rate will be around 12.5% by the end of CY09 and 10.5% by the end of FY10. Also with dollar demand expected to remain at elevated levels the PKR is also expected to slide towards 87.0-88.0. Macroeconomic recovery though very much in progress, remains contingent on two main factors; the first being international assistance and aid flows, and the second being stability in international oil prices.

STRATEGY

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

With interest rates expected to decline though at a slower pace than first expected, the fund will operate at both ends of the yield curve. Short term investments will be made to ensure that the fund maintains adequate liquidity to meet redemptions and make placements at attractive rates.

Investments at the longer end of the yield curve will enable the fund to lock down rates at opportune times. The strategy will be to participate in government paper auctions as it seems that both primary and secondary market yields are nearing their peaks. This will involve lengthening the portfolio duration which as of Aug09 stood at 57 days.

With regards to asset allocation, the fund will maintain exposure to corporate debt at about 55%, as a declining interest rate environment should allow recovery of TFC prices to near their par value and allow the fund to reverse some of the unrealized losses. Secondly exposure to T-bills and PIBs will be increased, while placements in quality banks will be used to lock down attractive rates. According to conservative estimates, the reversal of the remaining provisioning undertaken in Jan09 could add between 3.0%-5.0% to the fund's income stream over the next six to twelve months.

Other Disclosures under NBFC Regulations 2008

The Fund Manager hereby makes the following disclosures as required under the NBFC Regulations 2008;

- a. The Management Company or any of its delegates did not receive any soft commission (goods & services) from any of its brokers / dealers by virtue of transactions conducted by the Fund.
- b. There was no unit split undertaken during the year.
- c. The Fund Manager is not aware of any circumstances that can materially affect any interests of the Unit holders other than those already disclosed in this report.

Corporate and Financial Reporting Framework

The Fund being listed on the Karachi Stock Exchange, the Management Company is committed to observe the Code of Corporate Governance prescribed for listed companies. The financial statements, prepared by the management of the listed company, present fairly its state of affairs of the fund, the result of its operations, cash flows and changes in equity. Proper books of accounts of the fund have been maintained during the year. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored. There is no doubt upon the Fund's ability to continue as a going concern. There has been no material departure from the best practices of Corporate Governance, as detailed in listing regulations. Key financial data, in summarised form, is included in this Annual Report. The statement as to the value of investments of provident fund is not applicable in the case of the fund as such expenses are borne by the Management Company. The number of board meetings held during the year and attendance by each director is disclosed. The detailed pattern of certificate holding, as required by the Code of Corporate Governance is enclosed.

Attendance of Board Meetings

The detail of attendance of directors and number of board meetings held during the year is disclosed in Annexure I to the Financial Statements.

Transactions with Connected Persons

In management's opinion, such consideration is an arms length price along with appropriate explanation in case of an exception to arm's length price. The fund has fully complied with the best practices on transfer pricing as contained in the Listing Regulations No.38 of Karachi Stock Exchange.

Appointment of Auditors

The Board of Directors of BMA Asset Management Company Limited (the Management Company) have reappointed Ford Rhodes Sidat Hyder & Co. Chartered Accountants, as the Fund's auditor for the year 2009-2010 as recommended by the Audit Committee.

Acknowledgement

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund, MCB Financial Services 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 30, 2009

**Muddassar Malik
Chief Executive Officer**

REPORT OF THE FUND MANAGER
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 365 days.

Fund Details

Structure	Open End
Inception Date	23-Aug-07
Base Currency	PKR
Listing	KSE
Minimum Subscription in PKR	5,000
Benchmark	1M KIBOR
Assets in PKR MLN [30.06.09]	1,155
NAV/unit in PKR [30.06.09]	9.69

Fee & Redemption Structure

Management Fee	1.50%
Front end Load	Up to 1.00%
Valuation Frequency	Daily

Manager Details & Service Provider

Fund Manager	Sharfyab Ali Khan BMA Funds
Trustee	MCFSL
Auditors	Ford Rhodes
Transfer Agent	Technology Trade
Legal Advisors	KMS Law Associates

Return Risk Statistics

Annualized Return (FY09)	-3.17%
Portfolio Duration	54 Days
Portfolio Standard Deviation	8.77%
1M KIBOR Yield	12.76%
1M KIBOR standard deviation	23.33%

Asset Allocation

Asset	June	Return
COI	0.0%	0.0%
Term Deposits	8.6%	12.5%
TFCs	64.1%	15.0%
CFS	0.0%	0.0%
Govt. Bonds	0.0%	0.0%
Accruals	3.5%	0.0%
Cash & Equivalents	23.8%	12.5%

Fund Review Note

Following the 4 Nov 08 SECP circular, BCSF revalued its TFC holdings, which resulted in a one time downward adjustment to its NAV. During Jan09, BCSF took full provisioning against the non performing assets in its portfolio. As a result, the NAV dropped from Rs. 9.6815 on 31 Dec 08 to Rs. 8.7777 on 02 Feb 09. Despite these challenges, BCSF remained current on all redemptions and is proud to report that it was one of the few funds in the industry that did not suspend redemptions for even a single day. BCSF closed FY09 with an annualized return of -3.17%, however as conditions normalized in CY09, the fund witnessed significant gains through price recovery on its TFC portfolio and provisioning write-backs. During the period Feb09 to Sep09; the fund generated an annualized return of 25.03% and outperformed the industry average of 13.98% by a significant margin. Net assets under management declined from PKR3,485mn in Jun08 to PKR1,167mn in Jun09. However due to the exceptional performance from Feb09 onwards; investors who chose to remain with the fund have recovered the losses suffered during CY08.

Market Review

Fiscal Year 2009 was a rollercoaster ride as the economy was hit by exogenous and endogenous shocks which created major macroeconomic imbalances and a crisis of confidence. Inflation averaged almost 21.0% for the year, while the balance of payments remained in the negative at – USD3.3bn. The PKR lost significant ground against the USD and parity crossed the 80 mark. However since entry into the IMF program the country's macroeconomic indicators have stabilized and it seems the economy bottomed out in Oct08. FX reserves have been built up to in excess of USD14.3bn after falling to a low of USD6.7bn. Headline inflation has declined from its peak of 25.0% in Aug08 to 10.7% in Aug09. The yield on the Eurobond has fallen from over 25.0% to just over 10.0% and is indicative of Pakistan's fast improving risk profile. As a result the SBP was finally able to reduce the discount rate and made two cuts of 100bps each in Apr09 and Aug09. As sentiment improved, the KSE100 responded and has rallied by over 95%

Asset Allocation

At the end of FY09; BCSF had a 64.1% allocation to TFCs, 8.6% to Term deposits and 23.8% in cash and equivalents. Since then the fund has reduced exposure to corporate debt while increasing allocation to government paper. Cash holdings are being held steady at approximately 10.0% to ensure adequate liquidity. The major change since Jun08 has been the reduction in bank deposits, which were matured early to enable the fund to meet redemptions. As a result portfolio duration has decreased from 91 days in Jun08 to 54 days in Jun09. Asset quality has improved with the percentage of holdings rated AA- and above increasing from slightly over 42% in Jun08 to almost 70% in Jun09.

Investment Strategy & Outlook

Going forward we expect macroeconomic recovery to continue, though the reliance on external aid and a benign international environment (i.e. stable oil prices) highlights Pakistan's persistent structural vulnerabilities. For this reason it is expected that the central bank will remain cautious with regards to monetary easing. The discount rate is projected to be at 12.5% by the end of CY09 and 10.5% by the end of FY10.

The decision to make provisions against distressed assets has paid off with BCSF generating a return of 17.5% over the last 6 months. This return has been made possible through a recovery in TFC prices and provisioning write-backs. With market interest rates in consolidation phase, BCSF will be looking to diversify its portfolio holdings along the yield curve and extend portfolio duration. This will enable the fund to earn higher returns in a declining interest rate environment. Exposure to corporate debt will be reduced gradually. However any selling will only be done at a price level which is deemed to be in the interest of BCSF unit holders. We expect that gross portfolio return will rationalize in a declining interest rate environment. However significant exposure to TFCs will allow the fund to continue generating a competitive rate of return as well as benefiting from further price recovery. Conservative estimates of remaining provisioning write-backs indicate that an additional 3%-5% could be added to the income stream over the next six months.

Credit Quality

AAA	AA+	AA	AA-	A+	A	A-	BBB+	Unrated
0.00%	19.59%	27.39%	22.54%	20.79%	0.00%	9.69%	0.00%	0.00%

KEY FINANCIAL DATA**PERFORMANCE TABLE**

	2009 Rupees	2008 Rupees
Net Assets	1,154,725,161	3,430,251,475
Net asset value per unit	9.69	10.79
Dividend Distribution	-	0.77
Selling price for units	9.79	10.90
Repurchase price for units	9.69	10.79
Highest Offer price per unit	10.51	10.89
Lowest Offer price per unit	8.87	10.00
Highest Redemption price unit	10.41	10.79
Lowest Redemption price unit	8.78	10.00
Annual return (%)	(3.17)	9.28
Weighted average portfolio duration	54 days	91 days

* 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) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

BMA Chundrigar Road Savings Fund , an Open-end Scheme established under a Trust Deed dated April 19, 2007 executed between BMA Asset Management Company Limited, as the Management Company and MCB Financial Services Limited (formerly: Muslim Commercial 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, 2009 in accordance with the provisions of the following:
 - (i) Limitations imposed on the investment powers of the Management Company under the Constitutive Documents;
 - (ii) The valuation and pricing of Units are carried out in accordance with the requirements of the Trust Deed and the Offering Document;
 - (iii) The creation and cancellation of Units are carried out in accordance the requirements of the Trust Deed and the Offering Document;
 - (iv) The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008; and the constitutive documents.
2. We are not aware of any material shortcoming that may have impact on the decision of the existing or the potential Unit Holders remaining or investing in the Fund.

Karachi: October 22, 2009

Acting Chief Executive Officer
MCB Financial Services Limited (formerly: Muslim
Commercial Financial Services Limited)

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2009**

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.37 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 has seven non-executive directors, however none of them represent minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies (including this Fund).
3. All the resident directors of the Management Company are registered 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, 2009.
5. The business of the Management Company is conducted in accordance with the "Statement of Ethics and Business Practices" signed by all the directors and employees.
6. The Board has developed a vision / mission statement and significant policies of the Fund. Few of the policies are under review of the board and will be amended accordingly. 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. The Company has also carried out orientation courses for the Directors.
10. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
11. The Board has approved the appointment of CFO, Company Secretary and M/s Yousuf Adil Saleem & Co. Chartered Accountants (Deloitte) as internal auditors, including their remuneration and terms and conditions of employment, as determined by Chief Executive Officer.
12. The Directors' Report of the Fund for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. 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.

14. The Chief Executive Officer and CFO duly endorsed the financial statements of the Fund before approval of the Board
15. The Management Company has complied with all the significant corporate and financial reporting requirements of the Code relevant to the Fund.
16. The Board has formed an Audit Committee comprising of three members all of whom are non-executive directors.
17. The meetings of the Audit Committee were held in every quarter prior to approval of interim and final results and as required by the Code. The Terms of Reference of the Committee have been formed and advised to the committee for compliance.
18. The Management Company has outsourced the internal audit function to M/s Yousuf Adil Saleem & Co. Chartered Accountants (Delloite) 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 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 certificates 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. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

KARACHI: October 30, 2009

**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 contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the Management Company of the **BMA Chundrigar Road Savings Fund (the Fund)** to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code 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) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited 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 procedures 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 of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended 30 June 2009.

KARACHI: October 30, 2009

**Ernest & Young Ford Rhodes Sidat Hyder & Co.
CHARTERED ACCOUNTANTS**

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

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 2009, and the related income statement, distribution statement, cash flow statement and statement of movement in unit holders' fund for the period 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 (NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 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 2009 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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

KARACHI: October 30, 2009

**STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2009**

	<i>Note</i>	June 30, 2009 (Rupees)	June 30, 2008 (Rupees)
Assets			
Bank balances	7	377,366,153	1,508,726,858
Investments	8	748,096,921	1,832,408,487
Receivable against continuous funding system		-	47,627,343
Mark-up / interest receivable	9	33,806,227	88,312,532
Deposits and other receivables	10	4,461,284	3,636,800
Preliminary expenses and floatation costs	11	3,147,240	4,143,407
Total assets		1,166,877,825	3,484,855,427
Liabilities			
Remuneration payable to the management company	12	1,366,406	4,203,906
Remuneration payable to the trustee	13	111,919	239,863
Annual fee payable to Securities and Exchange Commission of Pakistan	14	1,850,180	2,289,856
Payable against purchase of investments		-	176,562
Payable to unit-holders against redemption of units		3,934,269	39,751,320
Accrued expenses and other liabilities	15	4,954,880	7,942,445
Total liabilities		12,217,654	54,603,952
NET ASSETS		<u>1,154,660,171</u>	<u>3,430,251,475</u>
Unit Holders' Fund (as per statement attached)		<u>1,154,660,171</u>	<u>3,430,251,475</u>
Number of units in issue	16	<u>119,138,917</u>	<u>317,965,553</u>
Net asset value per unit - Rupees		<u>9.69</u>	<u>10.79</u>
Commitments		-	-

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Farrukh Hussain Khan
Director**

**INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

		June 30, 2009 (Rupees)	For the period starting from 25 July 2007 to June 30, 2008 (Rupees)
	Note		
Income			
Mark up/ interest income on investments, bank balances and term deposits-net	17	302,721,657	244,965,849
Dividend income		-	3,705,000
Loss on investments held at fair value through profit and loss	18	(248,076,531)	1,308,842
Provision for impairment against investments classified as held to maturity	8.5	(76,250,000)	-
Element of income and capital gains included in prices of units issued less those in units redeemed – net		17,048,634	43,807,459
Total Income		(4,556,240)	293,787,150
Expenses			
Remuneration of the management company	12	30,958,850	34,376,418
Remuneration of the trustee	13	2,041,046	2,073,652
Annual fee to Securities and Exchange Commission of Pakistan	14	1,850,180	2,289,856
Custody and settlement charges		214,720	340,959
Amortization of preliminary expenses and floatation costs		996,167	856,593
Brokerage		331,610	2,220,736
Auditor's remuneration	19	532,997	356,128
Bank charges		87,987	111,619
Printing and stationery		235,077	356,000
Mutual fund rating fee		109,388	200,199
Legal and professional charges		365,645	-
Listing fee		85,420	-
Other expenses		23,620	9,049
Total expenses		37,832,707	43,191,209
Net income		(42,388,947)	250,595,941

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Farrukh Hussain Khan
Director**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009 (Rupees)	For the period starting from July 25, 2007 to June 30, 2008 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year	(42,388,947)	250,595,941
Adjustments for:		
Mark-up / interest income on investments, bank balances and term deposits	(302,721,657)	(244,965,849)
Provision against non performing assets-net	153,328,289	-
Loss on investments – net	170,998,262	(1,308,842)
Element of income and capital gains included in prices of units issued less those in units redeemed – net	(17,048,633)	(43,807,459)
Amortization of preliminary expenses and floatation cost	996,166	875,975
	<u>5,552,427</u>	<u>(289,206,175)</u>
Net cash inflow / (outflow) from operations before working capital changes	(36,836,520)	(38,610,234)
Working capital changes		
<i>(Increase) / decrease in assets</i>		
Term deposits	1,240,000,000	(1,340,000,000)
Preliminary expenses and floatation cost	-	(4,143,407)
Receivable against continuous funding system	47,627,343	(47,627,343)
Deposits and other receivables	(824,484)	(3,636,800)
	<u>1,286,802,859</u>	<u>(1,395,407,550)</u>
<i>Increase / (decrease) in liabilities</i>		
Remuneration payable to the management company	(2,837,500)	4,203,906
Remuneration payable to the trustee	(127,944)	239,863
Annual fee payable to Securities & Exchange Commission of Pakistan	(439,676)	2,289,856
Payable against purchase of investments	(176,562)	176,562
Payable against redemption of units	(35,817,051)	39,751,320
Accrued expenses and other liabilities	(2,987,565)	7,942,445
	<u>(42,386,298)</u>	<u>54,603,952</u>
Proceeds from sale of securities	1,160,683,834	4,697,971,533
Investments matured / redeemed during the year	48,551,319	-
Mark-up / interest income received	357,227,962	156,653,317
Purchase of securities	<u>(449,250,138)</u>	<u>(6,529,947,153)</u>
Net cash inflow / (outflow) from operating activities	2,324,793,018	(3,054,736,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	2,722,098,677	7,426,873,965
Cash paid / payable on redemption of units	<u>(4,938,252,400)</u>	<u>(4,203,410,972)</u>
Net cash (outflow) / inflow from financing activities	(2,216,153,723)	3,223,462,993
Net decrease in cash and cash equivalents	<u>108,639,295</u>	<u>168,726,858</u>
Cash and cash equivalents at beginning of the period	168,726,858	-
Cash and cash equivalents at end of the period	<u><u>277,366,153</u></u>	<u><u>168,726,858</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Farrukh Hussain Khan
Director**

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009	For the period starting from July 25, 2007 to June 30, 2008
	(Rupees)	(Rupees)
Net assets at the beginning of the period	3,430,251,475	-
Cash received on issue of units*	2,722,098,677	7,426,873,965
Cash paid / payable on redemption of units**	(4,938,252,400)	(4,203,410,972)
	(2,216,153,723)	3,223,462,993
Element of income and capital gains included in prices of units issued less those in units redeemed	(17,048,634)	(43,807,459)
Loss on investments – net	(248,076,531)	1,308,842
Other income for the period- net	205,687,584	249,287,099
Net assets as at end of the period	1,154,660,171	3,430,251,475
	Number of units	
* Number of units issued	280,396,543	718,492,633
Bonus units issued	24,438,784	-
** Number of units redeemed	503,660,862	400,527,080

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Farrukh Hussain Khan
Director**

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009	For the period starting from July 25, 2007 to June 30, 2008
	(Rupees)	(Rupees)
Undistributed income brought forward	250,595,941	-
Net (loss) / income	(42,388,947)	250,595,941
Final distribution of bonus shares for the period ended 30 June 2008 : Rs. 0.77 per unit dated 07 July 2008	(244,832,627)	-
Undistributed (loss) / income carried forward	<u>(36,625,633)</u>	<u>250,595,941</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Farrukh Hussain Khan
Director**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009****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 (formerly Muslim Commercial 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 (formerly Muslim Commercial Financial Services Limited) as a trustee of the Fund.

2. STATEMENT OF COMPLIANCE

2.1 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.

2.2 During the year, the Fund has adopted IFRS 7 "Financial Instruments – Disclosures", which resulted in additional disclosures relating to financial instruments in these financial statements. Further, interpretations of accounting standards, namely IFRIC 12 "Service Concession Arrangements", IFRIC 13 "Customer Loyalty Programs" and IFRIC 14 "IAS 19 – The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interactions" also became effective during the year. However, these interpretations do not affect the Fund's financial statements.

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 4.1 and 4.2 below.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**4.1 Investments**

The investments, upon initial recognition, are classified as investment at fair value through income statement, 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 two days after the transaction date, as per stock exchange regulations.

The investment are classified in the following categories:

Investments at fair value through profit or loss

These include held for trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and the gains or losses on revaluation are recognised in the income statement in the period in which they arise.

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 any of the preceding categories 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 unit holders' fund until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in unit holders' fund is taken to the income statement. However, unquoted equity investments are carried at the lower of investment price or break up value in accordance with the requirements of the NBFC Regulations.

Fair value of investments is determined as follows:

Listed shares:

These are valued on the basis of closing market prices quoted on the respective stock exchange.

Mutual funds' units:

These are valued by reference to the net asset values declared by the respective fund.

Debt securities:

Fair value of debt securities, other than government securities, are valued on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP's Circular No. 1 of 2009 dated 06 January 2009, read with Regulation 66(b) of the NBFC Regulations.

This circular superseded SECP's Circular No. 26 dated 05 November 2008 which remain effective from 05 November 2008 to 05 January 2009 and required debt securities to be valued at lower of the rates notified by MUFAP or value determined after applying specified discount rates to the face value of such securities based on the entity or issuer rating.

Fair value of unlisted debt securities, other than government securities, is also determined by reference to the average rates notified by MUFAP and where such rates are not so notified, with reference to quotations obtained from brokerage houses.

Government securities:

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

4.2 Provisioning policy

To fulfill the requirement of SECP Circular No. 13 dated 04 May 2009 the BOD approved a comprehensive provisioning policy whereby the Investment Committee (IC) can make accelerated provision against any debt security or exposure other than debt 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 non performing asset shall be put into practice for investment in all other assets also when the Board of Directors 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.

4.3 Derivatives

Derivative instruments held by the Fund generally comprise of future contracts in the capital markets. These are initially recognised at cost and are subsequently remeasured 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. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of assets and liabilities. The resultant gains and losses are included in the income currently.

4.4 Securities under repurchase / resale agreements (including balance receivable against Continuous Funding System arrangement)

Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) 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 / against Continuous Funding System. The difference between purchase and resale price is treated as income from reverse repurchase transactions / Continuous Funding System and accrued over the life of the reverse-repo agreement.

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.

4.5 Preliminary expenses and flotation 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.

4.6 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4.7 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.

4.8 Element of income / (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.

4.9 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 year end. Net assets are defined in NBFC Regulation, 2008 clause 66.

4.10 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.

4.11 Revenue recognition

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

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

Income on reverse repurchase and continuous funding system lending arrangements, 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.

4.12 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.

4.13 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.

4.14 Cash and cash equivalents

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

4.14 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.

4.15 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.

4.16 Distribution to unit holders

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

5. 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.

6. 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 or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	01 January 2009
IAS 23 - Borrowings Costs (Revised)	01 January 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	01 July 2009
IAS 32- Financial Instruments: Presentation- Amendments regarding Puttable Financial Instruments	01 January 2009
IAS 39- Financial Instruments: Recognition and measurement- Amendments regarding Eligible Hedge items	01 July 2009
IFRS 2 Share- based payment- Amendments regarding Vesting Conditions and Cancellations	01 January 2009
IFRS 3 - Business Combinations (Revised)	01 July 2009
IFRS 8 - Operating Segments	01 January 2009
IFRIC 16 –Hedges of a Net Investment in a Foreign Operation	01 October 2008
IFRIC 17 – Distribution of Non-cash Assets to owners	01 July 2009
IFRIC 18 – Transfer of Assets from Customers	01 July 2009

The Fund considers that the above standards, amendments and interpretations, are either not relevant or will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments and improvements to the various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after 1 January 2009. The management considers that such amendments and improvements will not have any material effect on the Fund's financial statements for the ensuing periods.

	Note	2009 (Rupees)	2008 (Rupees)
7. BANK BALANCES			
Saving accounts	7.1	276,671,307	165,959,971
Current accounts		694,846	2,766,887
Term deposits account	7.2	100,000,000	1,340,000,000
		<u>377,366,153</u>	<u>1,508,726,858</u>

7.1 Profit rates on savings accounts ranged between 4.89% to 11.5% (2008: 2.5% to 11.5%) per annum.

7.2 This account carries profit at the rate of 12.5% (2008: 9.85% and 17.00%) per annum with maturity in March 2010 (2008: 7 days to 1 year).

8. INVESTMENTS
Note
**2009
(Rupees)**
**2008
(Rupees)**
At fair value through profit or loss

Listed term finance certificates and sukuk

8.2

376,993,457

896,656,217

Unlisted term finance certificates and sukuk

8.3

371,103,464

622,396,095

Government securities

8.4

-

23,356,175

748,096,921

1,542,408,487

Held to maturity

Certificate of investment / Certificate of deposits

8.5

-

290,000,000

748,096,921

1,832,408,487

8.1 Cost of investments as at 30 June

819,290,148

1,827,936,784

8.2 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	As at 01 July 2008	Purchased during the year	Sold during the year	As at 30 June 2009	Carrying Value as at 30 June 2009	Percentage of total investments on the basis of carrying value
	-----Number of certificates -----				(Rupees)	
Quoted						
Technology and communication						
Pakistan Mobile Communications Limited	10,000	10,000	10,000	10,000	48,010,646	6.42%
Worldcall Communication Limited	14,000	14,000	28,000	-	-	-
Leasing companies						
Saudi Pak Leasing Company Limited	15,000	-	15,000	-	-	-
Security Leasing Corporation Limited – sukuk issue	-	10,000	10,000	-	-	-
Fertilizer						
Engro Chemical Pakistan Limited	2,281	-	2,281	-	-	-
Pak Arab Fertilizer Limited	9,478	-	6,000	3,478	16,578,053	2.22%
Oil & gas exploration companies						
Naimat Basal Oil & Gas Securitization Company Limited	9,913	-	9,913	-	-	-
Commercial banks						
NIB Bank Limited	43,477	-	20,232	23,245	107,395,647	14.36%
United Bank Limited– I	-	5,000	5,000	-	-	-
United Bank Limited– IV	43,000	1,000	15,650	28,350	130,338,991	17.42%
Miscellaneous						
Pace Pakistan Limited	36,000	-	18,000	18,000	74,670,120	9.98%
Pakistan Services Limited	6,000	-	6,000	-	-	-
Total quoted					376,993,457	50.40%

8.3 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 2008	Purchased during the year	Sold during the year	As at 30 June 2009	Carrying Value as at 30 June 2009	Percentage of total investments on the basis of carrying value
-----Number of certificates -----						(Rupees)	
<u>Unquoted</u>							
Connected person:							
Sugar industry							
Al Abbas Sugar Mills (Private) Limited		9,000	-	-	9,000	37,086,679	4.96%
Others:							
Fertilizer							
Engro Chemicals Pakistan Limited		5,000		2,000	3,000	13,150,045	1.76%
Cement							
Maple Leaf Cement - sukuk Issue		24,000	-	-	24,000	108,012,120	14.44%
Balance carried forward						158,248,844	21.16%

Balance brought forward					158,248,844	21.16%
Kohat Cement Limited - sukuk Issue	10,000	-	-	10,000	48,411,090	
Provision against Kohat Cement Limited - sukuk Issue	8.3.1				(48,411,090)	
Cable & electronics						
Pak Elektron Limited	19,000	-	1,200	17,800	81,051,170	10.83%
New Allied Electronics (Private) Limited	10,000	-	-	10,000	23,946,178	
New Allied Electronics (Private) Limited- sukuk Issue	16,000	-	-	16,000	4,721,021	
Provision against New Allied Electronics (Private) Limited- term finance certificates and sukuk Issue	8.3.2				(28,667,199)	
Leasing companies						
Orix Leasing Pakistan Limited (Face value Rs.100,000/-)	900	-	-	900	88,088,400	11.77%
Technology and communication						
Pakistan Mobile Communication Limited	10,000	-	10,000	-	-	-
Investment companies						
Jahangir Siddiqui Limited – V	8,000	-	8,000	-	-	-
KASB Securities (Private) Limited	10,000	-	-	10,000	43,715,050	5.84%
Total unquoted debt securities					371,103,464	49.60%

8.3.1 This includes investment aggregating to Rs.48.4 million against which the investee company had not made payments at the contractual date, i.e., on 28 December 2008 and on 20 June 2009. The Fund received the interest due from this investment during the year. However, the Fund did not receive the principal portion of the installments during the year. The Company entered into a rescheduling agreement with its investors on 11 May 2009 whereby the investors have agreed to give a one year grace period. As of the balance sheet date, the above sukuk are classified by MUFAP as non-investment grade debt securities, however as a matter of prudence the management of the Fund has made a provision against the total amount receivable 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.

8.3.2 This includes investment aggregating to Rs. 28.67 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. 4.48 million and Rs. 1.38 million, respectively. However, during the year, the Fund has received Rs.6.2 million against its cumulative investment in the Company. The Company currently is in the process of negotiating a restructuring proposal with its borrowers. As of the balance sheet date, the above term finance certificates / sukuk are classified by MUFAP as non-performing debt securities and accordingly the management is carrying the provision of Rs. 28.67 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.

8.4 Government securities

Type of instrument	Issue date	Tenor (years)	Face Value	Profit Mark-up Rate %	(Quantity)				As at June 30, 2009	Fair Value as at June 30, 2009
					As at 01 July 2008	Purchases during the year	Sales during the year	Maturities during the year		
PIB	22-Aug-07	03 Years	100	9.10%	250,000	-	250,000	-	-	-
PIB	22-Aug-08	03 Years	100	11.25%	-	250,000	250,000	-	-	-
PIB	22-Aug-08	10 Years	100	12.00%	-	500,000	500,000	-	-	-
T-bills	24-Apr-08	1 Year	100		-	1,490,000	-	1,490,000	-	-

Note June 30, 2009 (Rupees) June 30, 2008 (Rupees)

8.5 Held to Maturity

Certificate of Investment (COI)

Security Leasing Corporation Limited
First Dawood Investment Bank Limited
IGI Investment Bank Limited
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited

8.5.1	41,250,000	50,000,000
8.5.2	35,000,000	-
	-	90,000,000
	-	150,000,000
	76,250,000	290,000,000

Provision for impairment against investment classified as held to maturity

(76,250,000) -

- 290,000,000

8.5.1 During the year the Fund requested Security Leasing Corporation Limited (the Corporation) for early maturity of Certificate of Investment (COI) invested in the Corporation. The COI was maturing in August 2009. However, the Corporation failed to redeem the COI issued to the Fund. Subsequently the Fund has agreed to a restructuring proposal by the Corporation under which the COI is repayable by January 2010 in full. Keeping in view the default, the management in line with the provision policy approved by the Board has made a provision against the said COI.

8.5.2 During the year, First Dawood Investment Bank Limited (FDIBL) has 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 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 a provision against the said investment.

8.6 Significant terms and conditions of debt securities held as at 30 June 2009 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>								
Cable & electronics								
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	D
New Allied Electronic Industries (Private) Limited - sukuk II	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	D
Pak Elektron Limited	Unquoted	3 months KIBOR	+ 175 bps	28 September 2012		Secured	First pari passu charge over all present and future fixed assets of the company with 25 percent margin	A+
Technology & communication								
Pakistan Mobile Communications Limited – PP	Unquoted	6 months KIBOR	+ 130 bps	01 October 2010		Unsecured		AA-
Leasing companies								
Saudi Pak Leasing Company Limited	Quoted	6 months KIBOR	+ 150 bps	13 March 2013		Secured	First charge over specific leases with 25 percent margin	BBB
Orix Leasing Pakistan Limited – PP	Unquoted	6 months KIBOR	+ 120 bps	15 January 2013		Secured	Registered charge over specific leased assets and associated lease receivables with 25 percent security margin	AA+
Cement								
Maple Leaf Cement Factory Limited – sukuk Issue	Unquoted	6 months KIBOR	+ 170 bps	03 December 2013		Secured	Ranking hypothecation charge in respect of all specified present and future fixed assets of the Issuer	A-
Kohat Cement Limited - Sukuk	Unquoted	6 months KIBOR	+ 180 bps	13 December 2012		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	Withdrawn
Fertilizer								
Engro Chemical Pakistan Limited – I	Quoted	6 months KIBOR	+ 155 bps	30 November 2015		Secured	Second ranking charge on all present and future fixed assets of ECPL to be upgraded within 90 days from the date of issue to first ranking pari passu charge over all present and future fixed assets of ECPL	AA

Pak Arab Fertilizer Limited	Quoted	6 months KIBOR	+ 150 bps	28 February 2013	Secured	First ranking pari pasu charge along with 25 percent margin created by way of hypothecation over all present and future plant and machinery, in favor of the Trustee. First pari pasu charge along with 25 percent margin created by way of mortgaged by deposit of title deeds of immovable property, in favor of the Trustee.	AA
Sugar Industries Al Abbas Sugar Mills Limited	Unquoted	6 months KIBOR	+ 175 bps	21 November 2013	Secured	Ranking hypothecation charge in respect of all specified present and future fixed assets of the Issuer	A+
Miscellaneous Pace Pakistan Limited	Quoted	6 months KIBOR	+ 150 bps	15 February 2013	Secured	Hypothecation charge in respect of all specified present and future fixed assets excluding land and building of the Issuer. Mortgage charge on specified immovable properties of the issuer, along with a margin of 25 percent.	AA-
Commercial banks NIB Bank Limited	Quoted	6 months KIBOR	+ 115 bps	05 March 2013	Unsecured		A
United Bank Limited – IV	Quoted	6 months KIBOR	+ 85 bps	14 February 2018	Unsecured		AA
Investment company KASB Securities (Private) Limited	Unquoted	6 months KIBOR	+ 190 bps	27 June 2012	Secured	Ranking hypothecation charge in respect of all specified present and future current and fixed assets of the Issuer with a 25 percent margin	AA-

9. MARK-UP/ INTEREST RECEIVABLE

	2009 (Rupees)	2008 (Rupees)
On		
- Bank deposit accounts	-	6,785,350
- Term deposits	3,664,383	27,997,079
- Investments		
Term finance certificates and sukuk certificates-net	30,125,115	46,738,514
Continuous funding system	-	255,881
Certificate of investments / deposits	16,729	5,726,623
Government securities	-	809,085
	33,806,227	88,312,532

10. DEPOSITS AND OTHER RECEIVABLES

Security deposit with		
Central Depository Company of Pakistan Limited	200,000	100,000
National Clearing Company of Pakistan Limited	3,500,000	3,500,000
Advance tax	421,811	-
Prepaid rating fee	25,411	-
Other receivables	314,062	36,800
	4,461,284	3,636,800

	2009 (Rupees)	2008 (Rupees)
11. PRELIMINARY EXPENSES AND FLOATATION COSTS		
Balance as at 01 July	4,143,407	-
Preliminary expenses and floatation cost incurred	-	5,000,000
Amortisation during the year	(996,167)	(856,593)
Balance as at 30 June	<u>3,147,240</u>	<u>4,143,407</u>

- 11.1** 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.

12. 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 three percent 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 percent per annum of the average daily net assets of the Fund as disclosed in the offering document.

13. 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.

14. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provision of Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Fund is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund with effect from 21 November 2008. Previously, annual fee of an amount equal to one tenth of one percent was accrued under the provisions of Non Banking Finance Companies and Notified Entities Regulations, 2007.

	2009 (Rupees)	2008 (Rupees)
15. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditor's remuneration	350,000	268,548
Rating fees	-	124,999
Sales load	58,339	2,170,416
Preliminary expenses and floatation cost	4,000,000	5,000,000
Others	546,541	378,482
	<u>4,954,880</u>	<u>7,942,445</u>

16. NUMBER OF UNITS IN ISSUE

The units in issue as at 30 June 2009 were as follows:

	2009		2008	
	Units	Rupees	Units	Rupees
Class A	<u>119,138,917</u>	<u>1,191,389,170</u>	<u>317,965,553</u>	<u>3,179,655,530</u>

- 16.1** 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.

16.2 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%.

16.3 On the redemption of these units, no back-end load is charged.

17. MARK-UP / INTEREST INCOME ON INVESTMENTS, BANK BALANCES AND TERM DEPOSITS

**For the period
starting from
July 25, 2007
to June 30,
2008
(Rupees)**

	Note	2009 (Rupees)	
Return on:			
- PLS and term deposit accounts		95,696,936	113,705,081
- Security deposit		-	17,391
- Investments			
Term finance certificates and sukuk certificates		192,208,084	86,735,664
Certificate of investments / deposits		13,097,455	19,114,177
Continuous funding system		-	11,014,910
Commercial papers		-	7,707,507
Federal government securities		1,719,182	6,671,119
		<u>302,721,657</u>	<u>244,965,849</u>

18. LOSS ON INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

Gain / (loss) on sale of			
- Equity securities		229,175	(4,305,408)
- Derivative instruments		-	4,403,439
- Government securities		2,172,284	(6,333,600)
- Debt securities			
- Listed		(90,192,438)	1,294,846
- Unlisted		(12,014,036)	1,777,862
		<u>(102,206,474)</u>	<u>3,072,708</u>
Loss on sale of investments		(99,805,015)	(3,162,861)
Unrealised (loss) / gain on revaluation of investments at fair value through profit and loss - net	18.1	(148,271,516)	4,471,703
		<u>(248,076,531)</u>	<u>1,308,842</u>

18.1 Include provision for impairment on investments held at fair value amounting to Rs. 77.07 million.

19. AUDITOR'S REMUNERATION

Annual audit	325,000	250,000
Half yearly review	100,000	75,000
Review of statement of compliance with the code of corporate governance	25,000	25,000
Out of pocket expenses	82,997	6,128
	<u>532,997</u>	<u>356,128</u>

20. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include BMA Asset Management Company Limited (the Management Company), 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 (formerly Muslim Commercial 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 Non Banking Finance Companies and Notified Entities Regulations, 2008 and the Trust Deed respectively. Details of transactions with related parties and balances with them at the year end are as follows:

The transactions with related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

	For the year ended June 30, 2009		For the period from July 25, 2007 to June 30, 2008	
	(Units)	(Rupees)	(Units)	(Rupees)
<u>Units sold to:</u>				
- Directors and executives of the management company	35,823	346,828	48,648	510,000
BMA Asset Management Company	27,683,225	263,628,533	930,726	10,000,000
BMA Capital Management Limited	78,438	785,806	32,613,345	336,171,704
BMA Financial Services Limited	197,761	2,000,000	-	-
BMA Capital Management Limited - Staff Provident Fund	5,391,349	50,000,000	-	-

<u>Units redeemed by:</u>				
- Directors and executives of the management company	24,539	240,236	7,560	81,521
BMA Capital Management Limited	1,098,965	11,411,874	29,560,787	308,564,233
BMA Asset Management Limited	16,933,101	162,456,371	32,613,345	336,171,704
BMA Financial Services Limited	197,761	2,044,872	32,613,345	336,171,704
BMA Capital Management Limited - Staff Provident Fund	3,816,149	35,818,303	32,613,345	336,171,704

Transactions with related parties

	2009 Rupees	2008 Rupees
Al Abbas Sugar Mills Limited		
- Income received on term finance certificate	6,905,676	3,288,310
BMA Asset Management Company		
- Remuneration to management company	30,958,850	34,376,418
- Sales load payable	-	184,998
Trustee		
- Remuneration of the trustee	2,041,046	2,073,652

	2009 (Units)	(Rupees)	2008 (Units)	(Rupees)
<u>Units Held by:</u>				
- Directors and executives of the management company	49,218	476,971	41,088	443,264
- BMA Asset Management Company Limited	11,680,850	113,213,812	930,726	10,040,859
- BMA Capital Management Limited	-	-	3,052,559	32,931,615
- BMA Capital Management Limited- Staff Provident Fund	1,575,200	15,276,246	-	-
Investment in related party				
- Al Abbas Sugar Mills Limited (TFC certificates)	9,000	37,086,679	9,000	45,000,000

	June 30, 2009 (Rupees)	June 30, 2008 (Rupees)
Balances with related parties:		
BMA Asset Management Company		
- Remuneration payable to the management company	1,366,406	4,203,906
- Formation cost payable	4,000,000	5,000,000
Trustee		
- Remuneration payable to the trustee	111,919	239,863
BMA Financial Services Limited		
- Sales load payable	-	103,955

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 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 a 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 Board of Directors 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 distinguish 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 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. This is the risk management activities performed by individuals who take risk on organization's behalf such as front office and transactions origination functions.

Risk management starts at the highest management level. Its responsibility rests with the board of directors. 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.

21.2 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 value of the financial instruments will fluctuate due to changes in the market interest rates. As of 30 June 2009, the Fund is exposed to such risk in respect of bank balances, term deposits and investment in debt and Government securities. The term deposits carry fixed interest rates and will mature by 16 March 2010. The bank balances are subject to interest rates as declared by the respective bank on periodic basis. Majority of the debt securities are subject to floating interest rates.

(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.

Management of the fund estimates that 1% increase / (decrease) in the market interest rate/fair value, with all other factors remaining constant, would increase / (decrease) the fund's net assets by;

30 June 2009	Sensitivity of interest income Increase/(decrease) (Rupees)	Sensitivity of changes in fair value of investments Increase/(decrease) (Rupees)
Fixed rate instruments		
Term deposit receipts	4,698,643	-
Government securities	45,887	-
Variable rate instruments		
Certificate of Investments	928,352	-
Term finance certificates and sukuks	7,574,910	7,480,996
30 June 2008		
Fixed rate instruments		
Term deposit receipts	6,791,781	-
Government securities	697,785	456,356
Variable rate instruments		
Certificate of Investments	878,082	2,900,000
Term finance certificates and sukuks	7,437,527	15,190,523

The Fund's exposure to market rate of mark-up / profit rate risk based on contractual repricing and maturity dates, whichever is earlier is as follows:

	2009				Total
	Mark-up / profit (%)	Profit / Mark-up bearing		Non mark- up / profit bearing	
		Upto One Year	More than one year		
----- (Rupees) -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	5.0-16.5	376,671,307	-	694,846	377,366,153
Investments	8.45-18.19	748,096,921	-	-	748,096,921
Balance receivable against continuous funding system	-	-	-	-	-

Mark-up /	2008		Non mark-up / profit bearing	Total
	Profit / Mark-up bearing			
profit (%)	Upto One Year	More than one year		
----- (Rupees) -----				

On-balance sheet financial instruments
Financial Assets

Bank balances	2.50-17.0	1,505,959,972	-	2,766,886	1,508,726,858
Investments	9.10-15.95	1,832,408,487	-	-	1,832,408,487
Balance receivable against continuous funding system	9.30-18.25	47,627,343	-	-	47,627,343

As at 30 June 2009, the fair value of debt securities exposed to price risk were as follows:

Particulars	Fair Value (June 2009) (Rupees)	Fair Value (June 2008) (Rupees)
Exposures classified / designated at recognition as fair value through profit or loss	748,096,921	1,542,408,487
Exposures classified / designated at recognition as held to maturity	-	290,000,000
Debt securities	1,124,768,228	3,338,368,458
Exposure other than debt securities	-	-
Assets not subject to significant price risk	42,109,598	146,486,969

21.3 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 summaries 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.

2009

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	277,366,153	-	-	-	-	277,366,153
Placements and term deposits	-	-	100,000,000	-	-	100,000,000
Investments	-	-	-	604,607,925	143,488,996	748,096,921
Mark-up / interest receivable	7,036,725	20,136,061	6,633,441	-	-	33,806,227
Security deposits	-	-	-	-	3,700,000	3,700,000
Deposits and other receivables	-	-	-	-	761,284	761,284
Sub-total	284,402,878	20,136,061	106,633,441	604,607,925	147,950,280	1,163,730,585

Financial liabilities

Remuneration payable to the Management Company	1,366,406	-	-	-	-	1,366,406
Remuneration payable to the Trustee	111,919	-	-	-	-	111,919
Annual fee payable to the Securities and Exchange Commission of Pakistan	1,850,180	-	-	-	-	1,850,180
Payable against redemption of units	3,934,269	-	-	-	-	3,934,269
Accrued and other liabilities	4,954,880	-	-	-	-	4,954,880
Sub-total	12,217,654	-	-	-	-	12,217,654

Liquidity gap

272,185,224	20,136,061	106,633,441	604,607,925	147,950,280	1,151,577,891
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2008

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	168,726,858	-	-	-	-	168,726,858
Placements and term deposits	-	-	1,340,000,000	-	-	1,340,000,000
Receivable against Continuous Funding System	-	-	47,627,343	-	-	47,627,343
Investments	-	-	333,223,215	1,499,185,272	-	1,832,408,487
Mark-up / interest receivable	-	-	88,312,532	-	-	88,312,532
Security Deposits	-	-	-	-	3,600,000	3,600,000
Deposits and other receivables	-	-	-	-	36,800	36,800
Sub-total	168,726,858	-	1,809,163,090	1,499,185,272	3,636,800	3,480,712,020

Financial liabilities

Remuneration payable to the Management Company	4,203,906	-	-	-	-	4,203,906
Remuneration payable to the Trustee	239,863	-	-	-	-	239,863
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	2,289,856	-	-	-	2,289,856
Payable against purchase of Investment	176,562	-	-	-	-	176,562
Payable against redemption of units	39,751,320	-	-	-	-	39,751,320
Accrued and other liabilities	-	3,942,445	-	4,000,000	-	7,942,445
Sub-total	44,371,651	6,232,301	-	4,000,000	-	54,603,952

Liquidity gap

124,355,207	(6,232,301)	1,809,163,090	1,495,185,272	3,636,800	3,426,108,068
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21.4 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:

	June 2009 (Rupees)	June 2008 (Rupees)
Investment in debt securities	848,096,921	3,172,408,487
Exposures (Other than Debt Securities)	-	47,627,343
Cash and cash equivalents	277,366,153	168,726,858
Mark-up / interest receivable	33,806,227	88,312,532
Deposits and other receivables	7,608,525	7,780,207

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

Debt securities/ entity rating by category

	June 30, 2009	June 30, 2008
AAA	-	-
AA- to AA+	46.00%	58%
A- to A+	37.00%	42%
BBB to BBB+	4.60%	-
Non Investment grade	12.40%	-
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

	June 30, 2009	June 30, 2008
AAA	-	-
AA- to AA+	-	-
A- to A+	100.00%	100.00%
BBB to BBB+	-	-
Non Investment grade	-	-
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 concentration in the banks has been due to illiquidity in the TFCs market and the defaults made by the issuers of the instruments. However the management expects these counterparties will recover their rating and consequently their liquidity in the market. 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 2009		As at 30 June 2008	
	Rupees	%	Rupees	%
Cable and Electrical Goods	81,051,170	7	151,480,001	4
Cement	108,012,120	10	169,107,090	5
Chemicals	-	-	-	-
Commercial Banks	615,100,791	55	1,942,625,052	57
Fertilizer	29,728,098	2	84,275,111	2
Government Securities	-	-	23,356,175	1
Investment Banks / Companies / Securities	43,715,050	4	331,185,504	10
Leasing Companies	88,088,400	8	140,153,000	4
Modaraba	-	-	-	-
Oil & Gas Exploration Companies	-	-	19,867,040	1
Paper and Board	-	-	-	-
Sugar and Allied Industries	37,086,679	3	45,243,000	2
Technology and Communication	48,010,646	4	247,215,500	7
Textile Composite	-	-	-	-
Miscellaneous	74,670,120	7	234,255,215	7
	1,125,463,074		3,388,762,688	

21.5 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.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The management is of the view that the fair market value of the financial assets and liabilities are not significantly different from their carrying values as its assets and liabilities are essentially short term in nature and / or frequently repriced.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by The Board of Directors of the management company on October 30, 2009.

24. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

25. GENERAL

25.1 Being the first accounting period of the Fund, there are no corresponding figures to report.

25.2 Figures have been rounded off to nearest rupee.

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

**Muddassar Malik
Chief Executive Officer**

**Farrukh Hussain Khan
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	Number of units held	Amount	% of Total
Individuals	454	54,664,226	529,789,986	46%
Associated companies / directors	6	11,730,061	113,684,383	10%
Banks / DFIs	3	20,051,319	194,331,622	17%
Retirement funds	15	18,008,371	174,531,963	15%
Others	15	14,684,940	142,322,217	12%
	493	119,138,917	1,154,660,171	

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

Name	Number of units held	Amount	% of Total
Allied Bank Limited	10,000,000	96,922,584	8.39%
BMA Assets Management Company Limited	11,680,850	113,213,812	9.80%
Bank of Punjab	10,051,318	97,419,973	8.44%

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

S.No.	Name	Percentage of commission paid
1	Al-Falah Securities (Private) Limited	2.83%
2	First Capital Equities Limited	28.93%
3	Global Securities Pakistan Limited	44.66%
4	Invest Capital Investment Bank Limited	11.17%
5	JS Global Capital Limited	12.41%

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	17 Years
Ms. Iffat Z. Mankani	Chief Investment Officer	MBA, Finance	9 Years
Mr. Sharfyab Ali Khan	Assistant Director/ Fund Manager	ACMA	11 Years
Mr. Mustafa Pasha	Investment Analyst	BA, Economics	2 Years

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

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

Name of Director	Meeting held on						
	3 September 2008	28 October 2008	27 February 2009	6 March 2009	10 April 2009	22 April 2009	27 April 2009
Mr. Arif Masood Naqvi	-	-	-	-	-	√	√
Mr. Waqar Hassan Siddiqui	√	√	√	√	√	-	-
Mr. Mustafa Abdel Wadood	-	-	-	-	-	√	√
Mr. Thomas James Speechley	√	√	√	√	√	-	-
Mr. Farrukh Hussain Khan	√	√	√	√	√	√	√
Mr. Moazzam Malik	√	√	√	√	√	√	√
Mr. Mohammed Iqbal	√	√	√	√	√	√	√
Mr. Muddassar Malik	√	√	√	√	√	√	√

(vi) RATING OF THE FUND AND MANAGEMENT COMPANY

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned an 'A (f)' fund stability rating to the Fund.

JCR-VIS has assigned an 'AM2-'management quality rating to the Management Company.

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

**Muddassar Malik
Chief Executive Officer**

**Farrukh Hussain Khan
Director**

**PATTERN OF UNIT HOLDING AS PER REQUIREMENTS OF CODE OF
CORPORATE GOVERNANCE
AS AT 30 JUNE 2009**

PARTICULARS	UNIT HOLDING
INDIVIDUALS	54,671,619
MANAGEMENT COMPANY	
BMA Asset Management Co Ltd	11,680,850
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
BMA Capital Management Limited	-
BMA Capital Management Limited Staff Provident Fund	1,575,200
NIT AND ICP	-
CHIEF EXECUTIVE	
Mr. Muddassar Malik	10,766
DIRECTORS	
Mr. Farrukh H. Khan	-
Mr. Moazzam Malik	-
Muhammad Iqbal	-
Mr. Mustafa Abdel Wadood	-
Mr. Thomas James Speechly	-
Mr. Arif Masood Naqvi	-
Mr. Waqar Hassan Siddique	-
EXECUTIVES	31,052
PUBLIC SECTOR COMPANIES AND CORPORATIONS	-
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	20,051,319
SHAREHOLDING 10% OR MORE VOTING INTEREST	-
OTHERS	31,118,111
	119,138,917