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FUND'S INFORMATION

Management Company

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

Board of Directors of the Management Company

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

Company Secretary & CFO of the Management Company

Mr. Faisal Ali Khan

Audit Committee of the Management Company

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

Trustee

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

Bankers

Standard Chartered Bank Pakistan Limited
Allied Bank Limited
Faysal Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited

Distributors

BMA Financial Services Limited

Auditors

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

Legal Adviser

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

Registrar

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

Fund Stability Rating

AA+ (f)

Management Quality Rating

Rating Under Process

MISSION STATEMENT

The BMA Empress Cash Fund aims to minimize risk, maximize liquidity and generate a competitive rate of return with Portfolio allocation concentrated in AA rated banks and short duration sovereign rated securities, which will enable the fund to earn consistent risk adjusted returns and beat its benchmark (three month deposit rate offered by AA rated banks) while maintaining adequate liquidity and supreme credit quality.

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 Empress Cash Fund (BECF) is pleased to present its report and financial statements of the Fund for the period ended December 31, 2011.

PROFILE

The BMA Empress Cash Fund is a professionally managed cash fund, which aims to minimize risk, maximize liquidity and generate a competitive rate of return. Portfolio allocation will be concentrated in AA rated banks and short duration sovereign rated securities, which will enable the fund to earn consistent risk adjusted returns. The Fund was launched on 12 November 2009 and aims to consistently beat its benchmark (3M deposit rate offered by AA rated banks) while maintaining adequate liquidity and superior credit quality.

FUND’S FINANCIAL PERFORMANCE

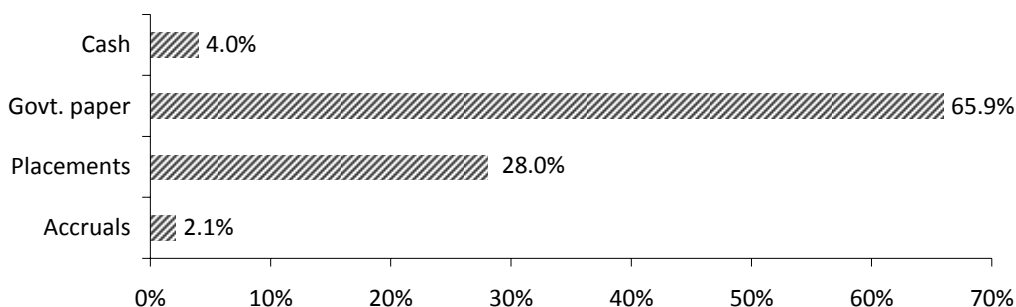
For the half year ended December 31, 2011 the Fund earned Rs. 48.15 mn from income on investments, bank balances and term deposits. In addition the fund booked element of income from the issue and redemption of units which totalled a negative Rs. 0.31 mn. Total income thus came to Rs. 47.64 mn.

Expenses for the half year totalled Rs. 7.56 mn and consisted of Rs. 0.64 mn remuneration to the trustee of the fund, Rs. 0.27 mn fee to the SECP and Rs. 5.04 mn remuneration to the management company. As a result net income for the period was Rs. 40.09 mn.

Financial highlights	December 31, 2011
	Rupees
Mark up/interest income	48,150,587
Element of income	(309,207)
Total Income	47,644,898
Expenses	7,558,654
Net Income	40,086,244
Net Asset Value per unit (Rupees)	10.1176

As of 31 December the net assets of the Fund were Rs. 749.20 mn, of which 3.95% was held as cash, 28.04% was invested in money market placements with AA/AA+ rated financial institutions and 65.94% was allocated to sovereign rated Treasury Bills. The portfolio duration as of 31 December was 64 days, which is in line with the Fund’s investment strategy of balancing returns against placement on the yield curve.

Asset Allocation [31.12.11]



RETURN & FUND UPDATE

During the 6 month period ended 31 December 2011, the fund generated an annualized net return of 11.27% for investors. This was against the benchmark average of 8.03% during 1HFY12 (Jul11-Dec11). The Fund continued to declare dividends on a quarterly basis and announced a distribution of Rs. 0.25/unit for the quarter ended 30 September 2011 and another Rs. 0.25/unit for the quarter December 2011. In addition the management company decided to reduce the management fee from 1.50% per annum to 0.75% per annum with effect from December 1 2011 so that investors could take advantage of superior net returns in a lower interest rate environment. Since then the fund has consistently performed amongst the top quartile of money market funds.

MACROECONOMIC OUTLOOK

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

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

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

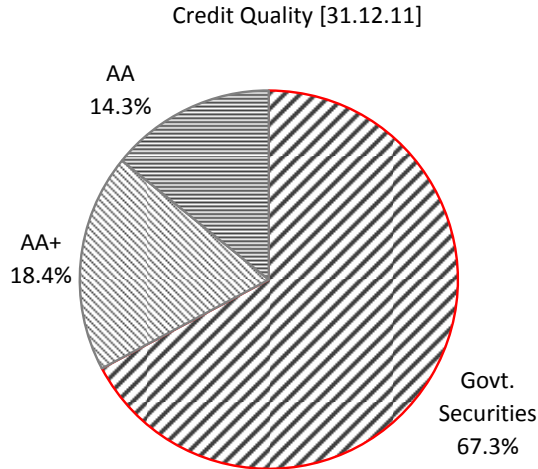
Our confidence in the length and sustainability of monetary easing had always erred on the cautious side. A continuation of the current macroeconomic trends (high external & fiscal deficits, SBP borrowing, FX reserve draw downs, PKR weakness) are not the ideal ingredients for a loose monetary policy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

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

STRATEGY

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

- Keep portfolio duration below 75 days as monetary easing comes to a halt
- Lock down attractive rates in high quality money market placements
- Allocate at least 50% of the portfolio to Treasury Bills as they provide liquidity in addition to mark to market gains in a falling yield environment



Acknowledgement

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

**For and on behalf of the
Board**

**Karachi
February 23, 2012**

**Muddassar Malik
Chief Executive Officer**

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

Introduction

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

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention to note 8 to the condensed interim financial statements which explains the contingency with respect to the provision against Workers' Welfare Fund contribution amounting to Rs. 3.8 million for which no provision has been made in this interim financial information. In this regard, the Management Company of the Fund expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favorably. Our conclusion is not qualified in respect of this matter.

Karachi: February 23, 2012

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

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

BMA EMPRESS CASH FUND

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

BMA Empress Cash Fund, an open-end Scheme established under a Trust Deed dated June 18, 2009 executed between BMA Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Fund offered its units for public subscription Scheme from November 10, 2009 to November 11, 2009.

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

For the purpose of information, the attention of unit holders is drawn towards auditor's report and note 8 to the condensed interim financial statements which explain the contingency with respect to the provisions against Worker's Welfare Fund contribution amounting to Rs. 3.8 million for which no provision has been made in the interim financial information.

Karachi: February 16, 2012

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

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

	Note	December 31, 2011 Rupees (Un-Audited)	June 30, 2011 Rupees (Audited)
ASSETS			
Bank balances	5	169,524,203	160,323,581
Investments	6	579,467,294	517,988,768
Mark-up / interest receivable	7	4,602,913	622,562
Preliminary expenses and floatation costs		1,730,406	2,035,089
Prepayments and other receivables		42,336	43,120
Total assets		755,367,152	681,013,120
LIABILITIES			
Remuneration payable to the management company		505,612	965,197
Remuneration payable to the trustee		103,597	110,093
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)		274,034	821,125
Payable against redemption of units		13,000	55,000
Dividend payable		2,386,993	-
Accrued expenses and other liabilities		2,887,545	3,069,556
Total liabilities		6,170,781	5,020,971
CONTINGENCY	8	-	-
NET ASSETS		749,196,371	675,992,149
Unit Holders' Funds (as per statement attached)		749,196,371	675,992,149
Number of units in issue		74,049,153	64,053,688
Net asset value per unit – Rupees		10.12	10.55

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

	Note	Half-year ended		Quarter ended	
		December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
----- Rupees -----					
INCOME					
Mark up / interest income	9	48,150,587	71,873,185	22,567,877	36,860,427
Net loss on investments designated 'at fair value through profit and loss'					
Loss on sale of investments 'designated at fair value through profit and loss upon initial recognition' – net		(112,120)	(686,156)	(2,692)	(15,305)
Unrealised loss on revaluation of investments designated 'at fair value through profit and loss upon initial recognition' – net		(84,362)	(157,189)	(156,702)	(68,505)
		(196,482)	(843,345)	(159,394)	(83,810)
Element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed		(309,207)	3,959,249	1,558,046	6,456,187
Total income		47,644,898	74,989,089	23,966,529	43,232,804
EXPENSES					
Remuneration to the management company	10	5,044,976	8,763,556	2,217,656	4,435,959
Sales tax on management fee	11	807,196	-	354,825	-
Remuneration to the trustee		639,631	798,158	312,899	400,420
Annual fee to SECP		274,034	438,178	132,668	221,798
Brokerage		80,382	113,448	33,944	50,703
Amortisation of preliminary expenses and floatation costs		304,684	304,684	152,342	152,342
Listing fee		15,123	52,892	7,561	22,673
Auditors' remuneration		230,452	282,025	106,945	166,281
Mutual fund rating fee		98,471	98,471	49,236	49,236
Printing and stationery		42,032	49,678	23,885	21,073
Bank charges		21,673	11,387	6,285	7,730
Total expenses		7,558,654	10,912,477	3,398,246	5,528,215
NET INCOME		40,086,244	64,076,612	20,568,283	37,704,589
Earnings per unit	12	-	-	-	-

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For BMA Asset Management Company Limited
(Management Company)

Muddassar Malik
Chief Executive Officer

Tashfin I Huq
Director

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

	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	----- Rupees -----			
Net income for the period	40,086,244	64,076,612	20,568,283	37,704,589
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	40,086,244	64,076,612	20,568,283	37,704,589

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	----- Rupees -----			
Undistributed income brought forward [includes unrealized loss of Rs. 459,449 (2010: unrealized loss of Rs. 370,146) realized loss of Rs. 797,226 (2010:Rs. 195,196)]	35,452,863	51,076,765	22,943,980	30,060,868
Final distribution at the rate of Rs. 0.5 per unit for the year ended 30 June 2011 approved on 07 July 2011 (2010: Rs 0.6 per unit approved on 07 July 2010)	(32,026,844)	(47,387,920)	-	-
First interim distribution at the rate of Rs. 0.25 per unit approved on 05 October 2011 (2010: Nil)	(16,686,592)	-	(16,686,592)	-
Second interim distribution at the rate of Rs. 0.25 per unit approved on 29 December 2011 (2010: Nil)	(18,123,220)	-	(18,123,220)	-
Net income for the period	40,086,244	64,076,612	20,568,283	37,704,589
Undistributed income carried forward [(includes unrealized loss on investments of Rs. 84,362 (2010: Rs. 157,189) and realized loss of Rs. 909,346 (2010: Rs. 881,352)]	<u>8,702,451</u>	<u>67,765,457</u>	<u>8,702,451</u>	<u>67,765,457</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

Note	Half-year ended December 31, 2011	Half-year ended December 31, 2010
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	40,086,244	64,076,612
Adjustments for:		
Mark up / interest income	(48,150,587)	(71,873,185)
Loss on sale of investments designated 'at fair value through profit and loss upon initial recognition' – net	112,120	686,156
Unrealised loss on revaluation of investments designated 'at fair value through profit and loss upon initial recognition' – net	84,362	157,189
Amortisation of preliminary expenses and floatation cost	304,684	304,684
Element of loss / (income) and capital loss / (gain) included in prices of units issued less those in units redeemed – net	309,207	(3,959,249)
	<u>(47,340,214)</u>	<u>(74,684,405)</u>
Decrease / (Increase) in assets		
Prepayments and other receivables	784	(93,495)
Increase / (decrease) in liabilities		
Payable to the management company	(459,585)	385,216
Annual fee payable to SECP	(547,091)	16,943
Remuneration payable to the trustee	(6,496)	111,488
Payable to unit holders against redemption of units	(42,000)	(6,072,192)
Preliminary expenses and floatation cost payable	(604,400)	(382,511)
Dividend payable	2,386,993	-
Accrued expenses and other liabilities	422,389	(53,135)
	<u>1,149,810</u>	<u>(5,994,191)</u>
Purchase of investments	(1,031,238,555)	(3,656,139,350)
Proceed from sale / redemption of investments	1,006,615,298	3,470,394,312
Markup / interest income received	7,118,484	69,983,998
Net cash used in operating activities	<u>(23,608,149)</u>	<u>(132,456,519)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	464,152,469	1,357,233,092
Payments for redemption of units	(431,343,698)	(1,017,137,077)
Net cash generated from financing activities	<u>32,808,771</u>	<u>340,096,015</u>
Net increase in cash and cash equivalents	9,200,622	207,639,496
Cash and cash equivalents at beginning of the period	160,323,581	230,710,569
Cash and cash equivalents at the end of the period	<u><u>169,524,203</u></u>	<u><u>438,350,065</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
----- Rupees -----				
Net assets at the beginning of the period	675,992,149	840,875,409	690,410,047	1,029,331,140
Cash received on issuance of units*	464,152,469	1,357,233,092	266,733,867	601,578,141
Cash paid / payable on redemption of units**	(431,343,698)	(1,017,137,077)	(226,957,780)	(421,068,896)
	32,808,771	340,096,015	39,776,087	180,509,245
	708,800,920	1,180,971,424	730,186,134	1,209,840,385
Element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed	309,207	(3,959,249)	(1,558,046)	(6,456,187)
Net income for the period	40,086,244	64,076,612	20,568,283	37,704,589
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	40,086,244	64,076,612	20,568,283	37,704,589
Net assets at the end of the period	749,196,371	1,241,088,787	749,196,371	1,241,088,787

----- Number of units -----

* Number of units issued [includes 6,632,604 (2010: 4,716,765) bonus units during the period]	52,097,158	136,897,216	29,487,094	57,680,860
** Number of units redeemed	42,101,693	98,544,630	22,184,249	40,275,521

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** BMA Empress Cash Fund (the Fund) was established in Pakistan under a Trust Deed executed between BMA Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Trust deed was executed and approved by Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) on June 18, 2009.
- 1.2** The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules by the SECP. The registered office of the management company is situated at 801 Unitower, I.I. Chundrigar Road, Karachi.
- 1.3** The Fund is an open-ended mutual fund listed on the Karachi Stock Exchange (Guarantee) Limited. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund except for the units issued to core investors which are not redeemable for a period of two years from the date of issue.
- 1.4** The Fund is structured to provide a competitive level of income that commensurate with enhanced liquidity and credit profile through investment primarily in short term deposits and money market instruments with an overall rupee-weighted average maturity of not more than 90 days.
- 1.5** Title to the assets of the Fund is held in the name of MCB Financial Services Limited as a trustee of the Fund.

2. BASIS OF PREPARATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

New and amended standards and interpretations

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

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

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards

primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

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

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

4. ESTIMATES

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

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

	Note	December 31, 2011 (Rupees) (Un-Audited)	June 30, 2011 (Rupees) (Audited)
5. BANK BALANCES			
Current account		815	811
PLS savings accounts	5.1	29,523,388	160,322,770
Term deposit accounts	5.2	140,000,000	-
		<u>169,524,203</u>	<u>160,323,581</u>

5.1 These carry mark-up rates ranging from 4.89% to 11.35% per annum (June 30, 2011: 4.89% to 11.65%).

5.2 These carry markup rates ranging from 12.00% to 13.40% per annum with maturities ranging from 1 month to 6 months.

	Note	December 31, 2011 (Rupees) (Un-Audited)	June 30, 2011 (Rupees) (Audited)
6. INVESTMENTS			
Designated at fair value through profit or loss upon initial recognition			
- Government securities	6.1	509,467,294	517,988,768
Held to maturity			
- Certificate of investment	6.2	70,000,000	-
		<u>579,467,294</u>	<u>517,988,768</u>

6.1 Government securities

Type of Instrument	Issue date	Tenor (months)	Face Value	(Quantity)				Fair Value as at December 31, 2011 (Rupees)	Percentage of total investments on the basis of carrying value	Percentage of net assets on the basis of carrying value	
				As at July 01, 2011	Purchased during the period	Sold during the period	Matured during the period				As at December 31, 2011
T-Bill	24-Mar-11	6	100	1,000,000	-	750,000	250,000	-	-	-	
T-Bill	24-Mar-11	6	100	500,000	-	-	500,000	-	-	-	
T-Bill	7-Apr-11	6	100	1,500,000	-	1,024,000	476,000	-	-	-	
T-Bill	21-Apr-11	6	100	790,000	-	750,000	40,000	-	-	-	
T-Bill	5-May-11	6	100	250,000	200,000	105,000	345,000	-	-	-	
T-Bill	16-Jun-11	6	100	169,000	-	-	169,000	-	-	-	
T-Bill	16-Jun-11	6	100	500,000	81,000	500,000	81,000	-	-	-	
T-Bill	21-Apr-11	3	100	350,000	860,000	150,000	1,060,000	-	-	-	
T-Bill	2-Jun-11	3	100	-	50,000	-	50,000	-	-	-	
T-Bill	7-Apr-11	3	100	-	1,500,000	1,024,000	476,000	-	-	-	
T-Bill	21-Apr-11	3	100	350,000	2,790,000	2,750,000	40,000	-	-	-	
T-Bill	5-May-11	3	100	-	-	150,000	150,000	-	-	-	
T-Bill	5-May-11	3	100	-	-	-	-	-	-	-	
T-Bill	16-Jun-11	3	100	-	1,750,000	1,250,000	500,000	-	-	-	
T-Bill	14-Jul-11	3	100	-	1,060,000	1,000,000	60,000	-	-	-	
T-Bill	16-Jun-11	3	100	-	1,000,000	850,000	150,000	-	-	-	
T-Bill	19-May-11	3	100	-	700,000	-	700,000	-	-	-	
T-Bill	2-Jun-11	3	100	-	500,000	500,000	-	-	-	-	
T-Bill	14-Jul-11	6	100	-	1,000,000	-	-	1,000,000	99,643,222	17.20%	
T-Bill	22-Sep-11	6	100	-	1,060,000	-	-	1,060,000	103,269,959	17.82%	
T-Bill	10-Feb-11	12	100	-	880,000	-	-	880,000	86,894,206	15.00%	
T-Bill	21-Apr-11	12	100	-	800,000	-	-	800,000	77,243,466	13.33%	
T-Bill	3-Nov-11	6	100	-	950,000	-	-	950,000	91,313,584	15.76%	
T-Bill	17-Nov-11	6	100	-	520,000	500,000	-	20,000	1,913,936	0.33%	
T-Bill	1-Dec-11	6	100	-	330,000	325,000	-	5,000	476,416	0.08%	
T-Bill	29-Dec-11	3	100	-	500,000	-	-	500,000	48,712,505	8.40%	
Total									509,467,294	87.92%	68.00%

6.2 Certificate of investment

Certificate of Investment (COI)	As at July 01, 2011 (Rupees)	Purchased during the period (Rupees)	Yield	Issue Date	Maturity Date	Maturity Amount	Fair Value as at December 31, 2011 (Rupees)	Percentage of total investments on the basis of carrying value
Saudi Pak Industrial & Agricultural Investment Company Limited	-	75,000,000	13.75%	22-July-11	24-Oct-11	75,000,000	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	-	70,000,000	12.15%	16-Dec-11	19-Mar-12	70,000,000	70,000,000	12.08%
Pak Brunei Investment Company Ltd	-	75,000,000	13.75%	3-Aug-11	3-Nov-11	75,000,000	-	-
Total							70,000,000	12.08%

6.3 Cost of investments amount to Rs. 563,853,792 (30 June 2011: Rs. 505,317,267)

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

Name of non-compliant investment	Type of investment	Value of Investment before provision	Provision held if any	Value of investment after provision	% of Net Assets	% of Gross Assets
-	-	-	-	-	-	-

December 31, 2011	June 30, 2011
(Rupees)	(Rupees)
(Un-Audited)	(Audited)

7. MARK-UP / INTEREST RECEIVABLE

On

- Bank deposit accounts	409,816	622,562
- Term deposit accounts	3,820,274	-

Investment

-Certificate of Investment	372,823	-
	4,602,913	622,562

8. CONTINGENCY

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

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

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

Hence, the Management Company believes that there is no need to make provision on account of WWF contribution in the condensed interim financial statements amounting in aggregate to Rs. 3.8 million. Further, the Management Company also expects that the constitutional petition pending in the SHC on the subject as referred above will be decided in favour of the mutual funds.

Half-year ended		Quarter ended	
December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010

9. MARK-UP / INTEREST INCOME

On:

-----Rupees-----
----- (Un-audited) -----

- Bank balances	1,381,295	16,026,017	674,113	7,610,863
- Term deposit accounts	3,820,274	4,860,616	2,939,178	3,591,781
- Investments				
Certification of Investment / letter of placement	5,897,266	7,687,082	2,136,980	3,832,739
Government securities	37,051,752	43,299,470	16,817,606	21,825,044
	<u>48,150,587</u>	<u>71,873,185</u>	<u>22,567,877</u>	<u>36,860,427</u>

10. REMUNERATION TO 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 of management fee has been revised from 1.5 percent to 0.75 percent per annum with effect from December 01, 2011.

11. SALES TAX ON MANAGEMENT FEE

During the current period, an amount of Rs. 807,196 (31 December 2010: Rs. Nil) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

12. EARNINGS PER UNIT

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

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. Accordingly, no provision has been made in these condensed interim financial statements.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

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

Level 1 : quoted prices in active markets for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	31 December 2011			Total
	Level 1	Level 2	Level 3	
	----- (Rupees) -----			
At fair value through profit or loss				
- Government Securities	-	509,467,294	-	509,467,294
	<u>-</u>	<u>509,467,294</u>	<u>-</u>	<u>509,467,294</u>
	30 June 2011			Total
	Level 1	Level 2	Level 3	
	----- (Rupees) -----			
At fair value through profit or loss				
- Government Securities	-	517,988,768	-	517,988,768
	<u>-</u>	<u>517,988,768</u>	<u>-</u>	<u>517,988,768</u>

15. TRANSACTIONS WITH CONNECTED PERSON

Related parties / connected persons include BMA Asset Management Company Limited (the Management Company), BMA Chundrigar Road Savings Fund, BMA Capital Management Limited (the holding company of the Management Company) and MCB Financial Services Limited (refer below for details). Transactions with connected persons can be summarized as follows:

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

	Half-year ended		Half-year ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	-----Units-----		-----Rupees-----	
	------(Un-Audited)-----			
Transaction with connected person / related parties				
BMA Asset Management Company Limited (the Management Company)				
- Issue of units	<u>3,614,537</u>	3,717,334	<u>36,517,403</u>	37,834,408
- Redemption of units	<u>4,591,681</u>	3,123,083	<u>47,050,000</u>	32,155,699
BMA Capital Management Limited (the holding company of the Management Company)				
- Issue of units	<u>78,560</u>	13,145,549	<u>791,625</u>	136,251,773
- Redemption of units	<u>-</u>	8,553,221	<u>-</u>	88,190,059
	Half-year ended		Half-year ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	-----Units-----		-----Rupees-----	
	------(Un-Audited)-----			
Unit holders with holding of 10% and above				
HSBC Fund Services				
- Issue of units	<u>-</u>	16,636,617	<u>-</u>	174,646,898
- Redemption of units	<u>-</u>	9,973,565	<u>-</u>	103,077,285
Habib Metropolitan Bank Limited.				
- Issue of units	<u>815,575</u>	5,090,745	<u>8,219,056</u>	52,845,137
- Redemption of units	<u>3,960,304</u>	283,191	<u>40,004,876</u>	2,845,137
Directors and executives of the Company				
- Issue of units	<u>305,638</u>	377,581	<u>3,117,667</u>	3,923,170
- Redemption of units	<u>227,668</u>	249,975	<u>2,329,990</u>	2,600,000
	Half-year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	-----Rupees-----			
	------(Un-Audited)-----			
BMA Asset Management Company Limited (the Management Company)				
- Remuneration to the Management Company	<u>5,044,976</u>	8,763,556	<u>2,217,656</u>	4,435,959
MCB Financial Services Limited-the Trustee				
- Trustee fee	<u>639,631</u>	798,158	<u>312,899</u>	400,420

	December 31, 2011	June 30, 2011	December 31, 2011	June 30, 2011
	-----Units-----		-----Rupees-----	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
Balances with connected persons / related parties				
Units Held by:				
- Directors and executives of the management company (units)	<u>159,243</u>	74,326	<u>1,610,674</u>	784,400
- BMA Asset Management Company Limited (units)	<u>13,440,191</u>	14,417,336	<u>135,942,157</u>	152,153,357
- BMA Capital Management Limited (units)	<u>846,109</u>	767,549	<u>8,558,058</u>	8,100,330
Unit holders with holding of 10% and above				
- Habib Metropolitan Bank Limited	<u>6,434,694</u>	9,579,423	<u>65,084,357</u>	101,096,435
- WestBury (Private) Limited	<u>3,638,329</u>	7,881,003	<u>36,800,244</u>	83,172,160
Other balances				
BMA Asset Management Company Limited				
- Payable to the management company			<u>505,612</u>	965,197
- Preliminary expenses and floatation costs due to Management Company			<u>2,035,089</u>	2,639,489
- Sales Load Payable			<u>500,077</u>	15,108
MCB Financial Services Limited-the Trustee				
- Remuneration payable to Trustee			<u>103,597</u>	110,093

16. DATE OF AUTHORISATION

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

17. GENERAL

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

17.2 Figures have been rounded off to the nearest rupee.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**