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FUND'S INFORMATION

Management Company

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

Board of Directors of the Management Company

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

Company Secretary & CFO of the Management Company

Mr. Muhammad Amir Iqbal

Audit Committee of the Management Company

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

Trustee

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

Bankers

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

Distributors

BMA Financial Services Limited

Auditors

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

Legal Advisor

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

Registrar

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

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 quarter ended September 30, 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. All investment returns obtained from the Fund are exempt for capital gains, withholding and income tax.

FUND’S FINANCIAL PERFORMANCE

For the period ended September 30, 2011 the Fund earned Rs. 25.6 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 Rs. -1.9 mn. Total income thus came to Rs. 23.7 mn.

Expenses for the period totalled Rs. 4.16 mn and consisted of Rs. 0.3 mn remuneration to the trustee of the fund, Rs. 0.1 mn fee to the SECP and Rs. 3.3 mn remuneration to the management company. As a result net income for the period was Rs. 19.5 mn.

Financial highlights

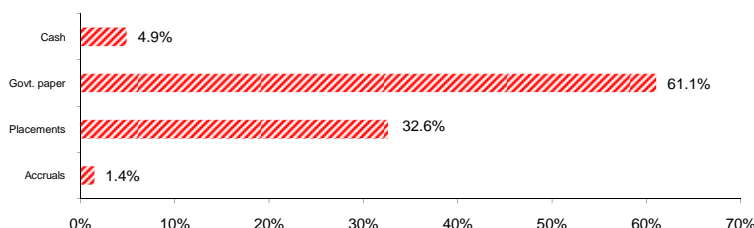
September 30, 2011

Rupees

Mark up/interest income	25,582,710
Element of income	(1,867,253)
Total Income	23,678,369
Expenses	4,160,408
Net Income	19,517,961
Net Asset Value per unit (Rupees)	10.3438

As of 30 September the net assets of the Fund were Rs. 690.4 mn, of which 4.90% was held as cash, 32.59% was invested in money market placements with AA/AA+ rated financial institutions and 61.05% was allocated to sovereign rated Treasury Bills. The portfolio duration as of 30 September was 80 days, which is in line with the Fund’s investment strategy of maintaining a higher duration as the SBP begins its monetary easing cycle in 1HFY12.

Asset Allocation [30.09.11]



RETURN & FUND UPDATE

During the 3 month period ended 30 September 2011, the fund generated an annualized net return of 11.46% for investors, while the inception to date return was 11.65%. This was against the benchmark average of 8.05% during 1QFY12 (Jul11-Sep11). The Fund also declared a dividend of Rs. 0.25/unit for the period ended 30 September 2011.

MACROECONOMIC OUTLOOK

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

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

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

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

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

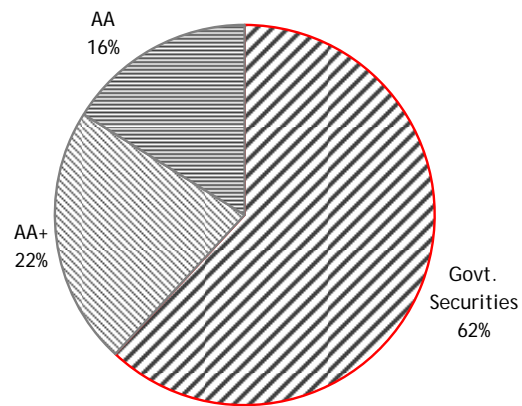
Thus while the macroeconomic environment has improved considerably and unexpectedly over the last quarter there remain red flags which threaten this recovery. We have a firm conviction on the peak of the interest rate cycle and expect monetary easing to continue during FY12, however the length of this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

STRATEGY

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

- Keep portfolio duration on the higher side as monetary easing continues
- Lock down attractive rates for tenors up to 180 days
- Allocate at least 60% of the portfolio to Treasury Bills as they provide liquidity in addition to mark to market gains in a falling yield environment

Credit Quality [30.09.11]



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
Oct 25, 2011**

**Muddassar Malik
Chief Executive Officer**

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

	<i>Note</i>	September 30 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
Assets			
Bank balances	5	110,304,842	160,323,581
Investments	6	579,471,628	517,988,768
Mark-up / interest receivable	7	4,721,113	622,562
Preliminary expenses and floatation cost	8	1,882,748	2,035,089
Deposits and other receivables		<u>27,459</u>	<u>43,120</u>
Total assets		696,407,790	681,013,120
Liabilities			
Remuneration payable to the Management company	9	1,372,508	965,197
Remuneration payable to the Trustee	10	106,398	110,093
Annual fee payable to Securities and Exchange Commission of Pakistan	11	141,366	821,125
Payable against redemption of units		1,200,000	55,000
Accrued expenses and other liabilities	12	3,177,472	3,069,556
Total liabilities		5,997,743	5,020,971
Contingency	13	-	-
Net Assets		<u>690,410,047</u>	<u>675,992,149</u>
Unit Holders' Fund (as per statement attached)		<u>690,410,047</u>	<u>675,992,149</u>
Number of units in issue		<u>66,746,367</u>	<u>64,053,688</u>
Net asset value per unit – Rupees		<u>10.34</u>	<u>10.55</u>

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

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

	Note	Quarter ended September 30, 2011	Quarter ended September 30, 2010
		-----Rupees-----	
Income			
Mark up / interest income on investments, bank balances and term deposits		25,582,710	35,012,758
Loss on sale of investments – net		(109,428)	(670,852)
Unrealized gain / (loss) on investments at fair value through profit and loss-net		72,340	(88,683)
Element of (loss) and capital (loss) included in prices of units issued less those in units redeemed – net		(1,867,253)	(2,496,938)
Total Income		23,678,369	31,756,285
Expenses			
Remuneration of the management company		3,279,690	4,327,597
Remuneration of the trustee		326,732	397,738
Annual fee to Securities and Exchange Commission of Pakistan		141,366	216,380
Amortisation of preliminary expenses and floatation costs		152,342	152,341
Auditors' remuneration		123,507	115,745
Other Expenses		136,771	174,461
Total Expenses		4,160,408	5,384,262
Net Income		19,517,961	26,372,023
Earning per unit	14	-	-

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

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

	Quarter ended September 30, 2011 (Rupees)	Quarter ended September 30, 2010 (Rupees)
Net Income for the period	19,517,961	26,372,023
Other Comprehensive income	-	-
Total Comprehensive income for the period	<u>19,517,961</u>	<u>26,372,023</u>

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

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

	Quarter ended September 30, 2011 (Rupees)	Quarter ended September 30, 2010 (Rupees)
Undistributed income brought forward	35,452,863	51,076,765
Final distribution at the rate of Rs. 0.5 per unit for the year ended June 30, 2011 approved on 07 July 2011 (2010: Final distribution at the rate of Rs. 0.6 per unit for the year ended June 30, 2010 approved on 07 July 2010)	(32,026,844)	(47,387,920)
Net Income for the period	19,517,961	26,372,023
Undistributed income carried forward	<u>22,943,980</u>	<u>30,060,867</u>

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

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

	Quarter ended September 30, 2011 (Rupees)	Quarter ended September 30, 2010 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	19,517,961	26,372,023
Adjustments for:		
Mark-up/ interest income on investments, bank balances and term deposit	(25,582,710)	(35,012,758)
Unrealized gain/(loss) on Investments at fair value through profit and loss net	(72,340)	88,683
Loss on sale of Investments – net	109,428	670,852
Element of loss and capital loss included in prices of units issued less those in units redeemed – net	1,867,253	2,496,938
Amortization of preliminary expenses and floatation cost	152,342	152,341
	(4,008,066)	(5,231,921)
Working capital changes		
<i>(Increase) / decrease in assets</i>		
Term deposits	(75,000,000)	(95,000,000)
Deposits and other receivables	15,661	31,184
	(74,984,339)	(94,968,816)
<i>Increase / (decrease) in liabilities</i>		
Remuneration payable to the Management company	407,311	296,615
Remuneration payable to the Trustee	(3,695)	10,437
Annual fee payable to Securities & Exchange Commission of Pakistan	(679,759)	(110,310)
Payable against redemption of units	1,145,000	266,187,670
Accrued expenses and other liabilities	107,916	214,256
	976,772	266,598,669
Proceed from sale of securities	634,224,050	1,485,271,658
Markup / interest income received	21,484,159	33,171,632
Purchase of Securities	(620,743,998)	(1,412,604,225)
Net cash inflow from operating activities	(43,051,423)	272,236,996
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	197,418,603	755,655,786
Cash paid / payable on redemption of units	(204,385,919)	(596,069,016)
Net cash (outflow) / inflow from financing activities	(6,967,316)	159,586,770
Net (decrease) / increase in cash and cash equivalents	(50,018,739)	431,823,767
Cash and cash equivalents at beginning of the period	160,323,581	230,710,569
Cash and cash equivalents at end of the period	110,304,842	662,534,335

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

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

	Quarter ended September 30, 2011 (Rupees)	Quarter ended September 30, 2010 (Rupees)
Net assets at the beginning of the period	675,992,149	840,875,409
Cash received on issuance of units*	197,418,603	755,655,786
Cash paid / payable on redemption of units**	(204,385,919) (6,967,316)	(596,069,016) 159,586,770
Element of loss / (income) and capital loss / (gains) included in prices of units issued less those in units redeemed	1,867,253	2,496,938
Loss on sale of Investments – net	(109,428)	(670,852)
Unrealised Loss on Investments at fair value through profit or loss net	72,340	(88,683)
Other income for the period	19,555,049	27,131,558
Net assets at the end of the period	690,410,047	1,029,331,140
	Number of units	Number of units
Number of units in issue at beginning of the period	64,053,688	78,979,867
Add: Number of units issued	19,424,422	74,499,591
Add: Bonus units issued	3,185,641	4,716,765
	86,663,752	158,196,223
Less Number of units redeemed	19,917,386	58,269,109
Number of units in issue at the end of the period	66,746,367	99,927,113

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

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**

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

1. LEGAL STATUS AND NATURE OF BUSINESS

BMA 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. The Fund offered its units for public subscription from November 10, 2009 to November 11, 2009.

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 money market 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 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.

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

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

	Note	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
5. BANK BALANCES			
Saving accounts	5.1	35,304,028	160,322,770
Current accounts		814	811
Term deposit account	5.2	75,000,000	-
		110,304,842	160,323,581

5.1 Profit rates on deposit accounts range between 4.89% to 11.35% per annum (June 30, 2011: 4.89% to 11.65% pa)

5.2 Profit rates on term deposit account is 13.40% per annum (June 30, 2011: Nil).

	Note	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
6. INVESTMENTS			
At fair value through profit or loss			
Government securities	6.1	429,471,628	517,988,768
		429,471,628	517,988,768
Held to maturity			
Certificate of investment / Certificate of deposits	6.2	150,000,000	-
		579,471,628	517,988,768
Cost of investment		571,475,794	505,517,267

6.1 Government securities

Type of instrument	Issue date	Tenor (Months)	Face Value	------(Quantity)-----					Fair Value as at September 30, 2011 (Rupees)	Percentage of total investments on the basis of carrying value	Percentage of Net Asset on the basis of carrying value
				As at July 01, 2011	Purchases during the period	Sales during the period	Maturities during the period	As at September 30, 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	07-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	05-May-11	3	100	250,000	200,000	105,000	345,000	-	-	-	
T-Bill	16-Jun-11	3	100	169,000	-	-	169,000	-	-	-	
T-Bill	16-Jun-11	3	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	02-Jun-11	3	100	-	50,000	-	50,000	-	-	-	
T-Bill	07-Apr-11	6	100	-	1,500,000	1,024,000	-	476,000	47,512,525	8.20%	6.88%
T-Bill	21-Apr-11	6	100	-	2,790,000	2,750,000	-	40,000	3,972,354	0.69%	0.58%
T-Bill	05-May-11	6	100	300,000	-	-	-	300,000	29,644,606	5.12%	4.29%
T-Bill	16-Jun-11	6	100	-	1,750,000	1,250,000	-	500,000	48,689,388	8.40%	7.05%
T-Bill	14-Jul-11	6	100	-	1,000,000	-	-	1,000,000	96,450,821	16.64%	13.97%
T-Bill	14-Jul-11	3	100	-	1,060,000	1,000,000	-	60,000	5,988,974	1.03%	0.87%
T-Bill	22-Sept-11	6	100	-	1,060,000	-	-	1,060,000	99,834,366	17.23%	14.46%
T-Bill	16-Jun-11	6	100	-	1,000,000	-	-	1,000,000	97,378,595	16.80%	14.10%
									429,471,628	74.11%	62.21%

6.2 Held to Maturity

Certificate of Investment(COI)	Amount Invested (Rupees)	Yield	Issue Date	Maturity Date	Fair Value as at September 20, 2011 (Rupees)	Percentage of total investments on the basis of carrying value	Percentage of Net Assets on the basis of carrying value
Saudi Pak Industrial & Agricultural Investment Co. Ltd.	75,000,000	13.75%	22-Jul-11	24-Oct-11	75,000,000	12.94%	10.86%
Pak Brunei Investment Bank Ltd	75,000,000	13.75%	03-Aug-11	03-Nov-11	75,000,000	12.94%	10.86%
					<u>150,000,000</u>	<u>25.89%</u>	

6.3 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
Saudi Pak Industrial & Agricultural Investment Co. Ltd.	COI	75,000,000	-	75,000,000	10.86%	10.77%
Pak Brunei Investment Bank Ltd	COI	75,000,000	-	75,000,000	10.86%	10.77%

7. MARK-UP/ INTEREST RECEIVABLE

	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
On		
- Savings accounts	167,072	622,562
- Term Deposits	881,096	-
Investments		
- Certificate of Investment	3,672,945	-
	<u>4,721,113</u>	<u>622,562</u>

8. PRELIMINARY EXPENSES AND FLOATATION COSTS

	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
Preliminary expenses and floatation cost incurred	2,035,089	2,639,489
Less: Amortization during the period	(152,341)	(604,400)
	<u>1,882,748</u>	<u>2,035,089</u>

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

9. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY

The Management company is entitled to remuneration for services rendered to the Fund under Regulation 61 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding 3% of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to 2% of such assets of the Fund. The rate used by the Management company (and the Fund) is 1.5 percent per annum of the average daily net assets of the Fund as disclosed in the offering document.

10. 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.

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

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

12. ACCRUED EXPENSES AND OTHER LIABILITIES	September 30, 2011 (Un-Audited) (Rupees)	June 30, 2011 (Audited) (Rupees)
Auditor's remuneration	477,474	353,967
Sales load payable	312,050	15,107
Preliminary expenses and floatation cost	2,035,089	2,639,489
Others	352,860	60,993
	<u>3,177,472</u>	<u>3,069,556</u>

13. CONTINGENCY

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

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

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

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

In view of the afore mentioned developments during the year, the management company now believes that there is no compelling reason to make provision on account of WWF contribution in the financial statements. Further, the management company also expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject as referred above will be decided in favour of the mutual funds. The aggregate unrecognised amount of WWF as at 30 September 2011 amounted to Rs. 3.4 million.

14. 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.

15. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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) Transaction with connected persons can be summarized as following:

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

	For the Quarter ended September 30, 2011		For the Quarter ended September 30, 2010	
	(Units)	(Rupees)	(Units)	(Rupees)
Units sold to:				
Directors and executives of the management company	16,014	162,299	296,991	3,009,657
BMA Capital Management Limited	38,173	383,775	4,955,449	50,451,312
Associated Companies and unit holders with 10% & above unit holding				
BMA Asset Management Company Limited	2,647,666	26,708,666	1,717,334	17,270,608
The I-Care foundation	41,868	420,923	21,719,431	221,073,383
BMA Funds Limited	-	-	562,065	5,646,899
West Bury (Pvt) Limited	391,953	3,940,501	258,307	2,595,128
Habib Metropolitan Bank Limited	488,464	4,913,573	283,191	2,845,137
	For the Quarter ended September 30, 2011		For the Quarter ended September 30, 2010	
	(Units)	(Rupees)	(Units)	(Rupees)
Units redeemed to:				
Directors and executives of the management company	39,710	402,845	9,736	100,000
BMA Capital Management Limited	-	-	4,309,620	43,759,256
Associated Companies and unit holders with 10% & above unit holding				
BMA Asset Management Company Limited	945,708	9,650,000	2,807,752	28,855,699
The I-Care foundation	868,849	8,884,420	10,072,888	103,065,000
BMA Funds Limited	-	-	562,065	5,646,899
West Bury (Pvt) Limited	487	5,000	-	-
Habib Metropolitan Bank Limited	3,641,923	36,789,711	283,191	2,845,137

	Sep 30, 2011		Sep 30, 2010	
	(Un-Audited)		(Un-Audited)	
	(Rupees)		(Rupees)	
<u>Transactions with related parties</u>				
BMA Asset Management Company				
-Sales Load			307,654	
- Remuneration to management company	3,279,690		4,327,597	
Trustee				
- Remuneration of the trustee	326,732		397,738	
	September 30, 2011		June 30, 2011	
	(Units)	(Rupees)	(Units)	(Rupees)
<u>Units Held by:</u>				
- Directors and executives of the management company	903	9,338	74,326	784,400
- BMA Capital Management Limited	805,722	8,334,231	767,549	8,100,330
Associated Companies and unit holders with 10% & above unit holding				
BMA Asset Management Company Limited	16,119,293	166,734,740	14,417,336	152,153,357
The I-Care foundation	14,865	153,758	841,846	8,884,420
BMA Funds Limited	-	-	-	-
Westbury (PVT) Limited	8,272,469	85,568,766	7,881,003	83,172,160
Habib Metropolitan Bank Limited	6,425,963	66,468,876	9,579,423	101,096,435
			Quarter ended	June 30, 2011
			September 30,	(Rupees)
			2011	(Rupees)
			(Rupees)	(Rupees)
Balances with related parties:				
BMA Asset Management Company				
- Remuneration payable to the management company			1,372,508	965,197
- Formation cost payable			2,035,089	2,639,489
- Sales Load Payable			312,050	15,107
Trustee				
- Remuneration payable to the trustee			106,398	110,093

16. DATE OF AUTHORISATION FOR ISSUE

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

17. GENERAL

17.1 Figures have been rounded off to nearest rupee.

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

**Muddassar Malik
Chief Executive Officer**

**Tashfin I Huq
Director**