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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. Omar Syed	Director
Mr. Thomas James Speechley	Director
Mr. Tashfin I. Huq	Director
Mr. Zahid Qasim Noorani	Director
Mr. Muhammad Iqbal	Director

### CFO and Company Secretary of the Management Company

Mr. Faisal Ali Khan

### Audit Committee of the Management Company

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

### Human Resource and Remuneration Committee

Mr. Tashfin I. Huq	Chairman
Mr. Muhammad Iqbal	
Mr. Muddassar Malik	

### Trustee

MCB Financial Services Limited  
Trustee Office 3<sup>rd</sup> Floor Adamjee House I.I. Chundrigar Road Karachi

### Bankers

Standard Chartered Bank (Pakistan) Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
MCB Bank Limited  
Bank Alfalah Limited  
Allied Bank Limited  
JS Bank Limited  
NIB Bank 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.*

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## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY**

The Board of Directors of BMA Asset Management Company Limited, the Investment Adviser to BMA Empress Cash Fund (BECF) is pleased to present its report and financial statements of the Fund for the period ended September 30, 2012.

### **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 period ended September 30, 2012 the Fund earned Rs. 23.82 mn from income on investments, bank balances and term deposits, had unrealized gains of Rs. 0.75 on investments and realized gains of Rs. 0.09 mn. In addition the fund booked element of loss from the issue and redemption of units which totalled Rs. -0.29 mn. Total income thus came to Rs. 24.37 mn.

Expenses for the year totalled Rs. 2.68 mn and consisted of Rs. 0.35 mn remuneration to the trustee of the fund, Rs. 0.16 mn fee to the SECP and Rs. 1.6 mn remuneration to the management company. As a result net income for the period was Rs. 21.69 mn.

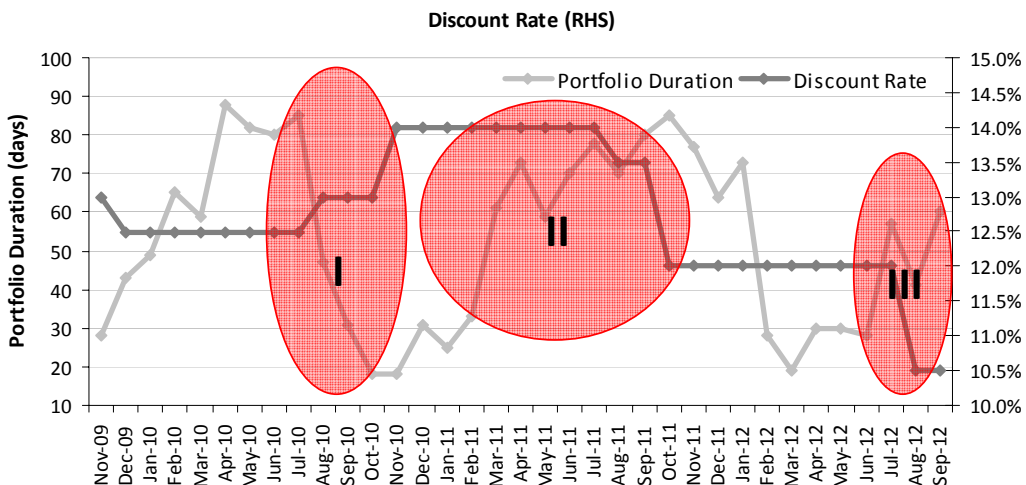
Financial highlights	September 30, 2012
	Rupees
Mark up/interest income	23,820,259
Gain on sale of investments	85,564
Unrealized gain on investments	751,440
Element of income	(286,918)
<b>Total income</b>	<b>24,370,345</b>
Expenses	2,676,347
<b>Net Income</b>	<b>21,693,998</b>
Net Asset Value per unit	10.1209

### **INVESTMENT STRATEGY**

During this period the fund aimed to maintain majority exposure in T bills while selectively deploying assets in high yielding placements. This enabled the fund to generate a competitive rate of return while retaining liquidity and the ability to respond quickly in an uncertain macroeconomic environment. It also allowed management to minimize cash drag on the fund's returns and pay out dividends on a monthly basis.

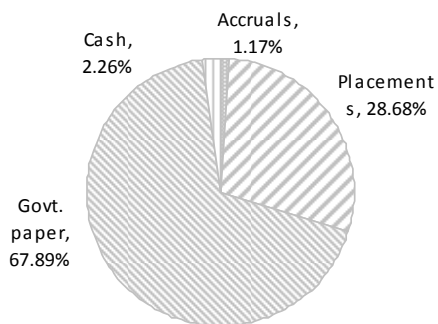
During the outgoing quarter the portfolio duration of the fund was increased to the upper limit of 60 days so that the fund could derive maximum benefit from the decline in yields. The graph below shows that the fund aims to maximize returns for unit holders by adjusting portfolio duration through yield curve placement. For example;

- I. **July 2010 to November 2010:** Portfolio duration was decreased from over 80 days to under 20 days as the SBP increased the discount rate from 12.50% to 14.00%
- II. **November 2010 to October 2011:** Portfolio duration was increased from under 20 days to almost 90 days as the SBP reduced the discount rate from 14.00% to 12.00%
- III. **June 2012 to September 2012:** Portfolio duration was increased from 28 days to 60 days as the SBP reduced the discount rate from 12.00% to 10.50%

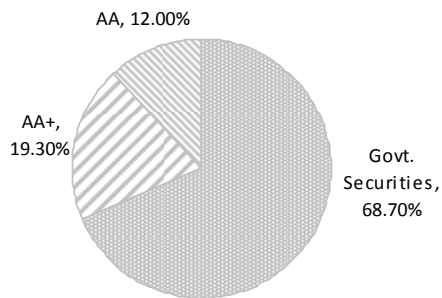


As of 30 September the net assets of the Fund were Rs. 836.86 mn, of which 2.26% was held as cash, 28.68% was invested in money market placements with AA/AA+ rated financial institutions and 67.89% was allocated to sovereign rated Treasury Bills. In line with this asset allocation the credit quality of the fund remained high with 68.7% allocated to sovereign rated debt, 19.3% to AA+ and 12.0% to AA.

**Asset Allocation - 30 Sep 2012**



**Credit Quality - 30 Sep 2012**



**RETURN & FUND UPDATE**

During the first quarter of fiscal year 2013 the fund generated a net return of 10.74% for investors. This was against the benchmark average of 7.26% during the period. The Fund continued to declare dividends on a regular basis and has announced a cumulative distribution of Rs. 0.21/unit for 1QFY13 which was equal to 2.09% of the opening NAV. Since the company’s decision to reduce the management fee to 0.75% per annum of net assets in December 2011, BECF has been amongst the top performing money market funds and has outperformed the industry average by a considerable margin. For the 9 months ended 30 September 2012 the Fund generated an annualized return of 10.95% against the industry average of 10.61%, an out performance of 0.34%

**MACROECONOMIC OUTLOOK**

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

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

**FUTURE STRATEGY**

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

- Maintain duration in order to take advantage of falling yields
- Use a portion of the portfolio to actively trade T bills for yield enhancement
- Realize gains from longer tenors at the bottom of the interest rate cycle
- Allocate at least 50% of the portfolio to Treasury Bills
- Limit AA exposures to 30% of net assets to maintain credit quality of portfolio

**Acknowledgement**

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

**For and on behalf of the  
Board**

**Karachi  
October 31, 2012**

**Muddassar Malik  
Chief Executive Officer**

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

	<i>Note</i>	<b>September 30 2012 (Un-Audited) (Rupees)</b>	<b>June 30, 2012 (Audited) (Rupees)</b>
<b>Assets</b>			
Bank balances	5	17,998,050	46,290,603
Investments	6	818,427,381	740,018,014
Mark-up / interest receivable	7	2,889,606	2,441,399
Preliminary expenses and floatation cost	8	1,276,692	1,429,033
Deposits and other receivables		49,816	52,544
<b>Total assets</b>		<b>840,641,545</b>	790,231,593
<b>Liabilities</b>			
Remuneration payable to the Management company	9	587,439	575,577
Remuneration payable to the Trustee	10	113,903	112,180
Annual fee payable to Securities and Exchange Commission of Pakistan	11	155,347	535,650
Payable to cash opted unit holders against dividend		266,257	867,862
Accrued expenses and other liabilities	12	2,258,929	2,590,031
<b>Total liabilities</b>		<b>3,381,875</b>	4,681,300
<b>Contingency</b>	13	-	-
<b>Net Assets</b>		<b>837,259,669</b>	785,550,293
<b>Unit Holders' Fund</b> (as per statement attached)		<b>837,259,669</b>	785,550,293
<b>Number of units in issue</b>		<b>82,726,103</b>	78,080,867
<b>Net asset value per unit – Rupees</b>		<b>10.12</b>	10.06

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**

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

	Note	Quarter ended September 30, 2012	Quarter ended September 30, 2011
-----Rupees-----			
<b>Income</b>			
Mark up / interest income on investments, bank balances and term deposits		23,820,259	25,582,710
Gain on sale of investments – net		85,564	(109,428)
Unrealized gain on investments at fair value through profit and loss-net		751,440	72,340
Element of (loss) and capital (loss) included in prices of units issued less those in units redeemed – net		<u>(286,918)</u>	<u>(1,867,253)</u>
<b>Total Income</b>		<b>24,370,345</b>	<b>23,678,369</b>
<b>Expenses</b>			
Remuneration of the management company		1,553,475	3,279,690
Sales tax on management fee		248,556	-
Remuneration of the trustee		349,378	326,732
Annual fee to Securities and Exchange Commission of Pakistan		155,348	141,366
Amortisation of preliminary expenses and floatation costs		152,342	152,342
Auditors' remuneration		95,546	123,507
Other Expenses		121,703	136,771
<b>Total Expenses</b>		<b>2,676,347</b>	<b>4,160,408</b>
<b>Net Income</b>		<b>21,693,998</b>	<b>19,517,961</b>
<b>Earning per unit</b>	14	<b>-</b>	<b>-</b>

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**



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

	Quarter ended September 30, 2012 (Rupees)	Quarter ended September 30, 2011 (Rupees)
Net Income for the period	21,693,998	19,517,961
Other Comprehensive income	-	-
<b>Total Comprehensive income for the period</b>	<b><u>21,693,998</u></b>	<b><u>19,517,961</u></b>

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**

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

	Quarter ended September 30, 2012 (Rupees)	Quarter ended September 30, 2011 (Rupees)
Undistributed income brought forward	4,739,280	35,452,863
Final distribution at the rate of Rs. 0.5 per unit for the year ended June 30, 2011 approved on 07 July 2011	-	(32,026,844)
First interim distribution at the rate of 0.08 per unit approved on 30 July 2012 (2011: Nil)	(6,580,222)	-
Second interim distribution at the rate of 0.08 per unit approved on 30 August 2012 (2011: Nil)	(6,021,467)	-
Third interim distribution at the rate of 0.08 per unit approved on 27 September 2012 (2011: Nil)	(4,117,259)	-
Net Income for the period	21,693,998	19,517,961
Undistributed income carried forward	<u>9,714,330</u>	<u>22,943,980</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**

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

	Quarter ended September 30, 2012 (Rupees)	Quarter ended September 30, 2011 (Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	21,693,998	19,517,961
<b>Adjustments for:</b>		
Mark-up/ interest income on investments, bank balances and term deposit	<b>(23,820,259)</b>	(25,582,710)
Unrealized gain/(loss) on Investments at fair value through profit and loss net	<b>(751,440)</b>	(72,340)
Gain on sale of Investments – net	(85,564)	109,428
Element of loss and capital loss included in prices of units issued less those in units redeemed – net	286,918	1,867,253
Amortization of preliminary expenses and floatation cost	<b>152,342</b>	152,342
	<b>(2,524,005)</b>	(4,008,066)
<b>Working capital changes</b>		
<i>(Increase) / decrease in assets</i>		
Term deposits	-	(75,000,000)
Deposits and other receivables	2,728	15,661
	2,728	(74,984,339)
<i>Increase / (decrease) in liabilities</i>		
Remuneration payable to the Management company	<b>11,862</b>	407,311
Remuneration payable to the Trustee	<b>1,723</b>	(3,695)
Annual fee payable to Securities & Exchange Commission of Pakistan	<b>(380,303)</b>	(679,759)
Payable against redemption of units	-	1,145,000
Payable to cash opted unit holders against dividend	<b>(601,605)</b>	-
Accrued expenses and other liabilities	<b>(331,102)</b>	107,916
	<b>(1,299,425)</b>	976,772
Proceed from sale of securities	<b>1,956,843,993</b>	634,224,050
Markup / interest income received	<b>23,372,052</b>	21,484,159
Purchase of Securities	<b>(1,794,416,356)</b>	(620,743,998)
<b>Net cash inflow from operating activities</b>	<b>181,978,986</b>	(43,051,423)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received on issue of units	<b>521,999,365</b>	197,418,603
Cash paid / payable on redemption of units	<b>(492,270,904)</b>	(204,385,919)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>29,728,460</b>	(6,967,316)
Net (decrease) / increase in cash and cash equivalents	<b>211,707,447</b>	(50,018,739)
Cash and cash equivalents at beginning of the period	<b>46,290,603</b>	160,323,581
<b>Cash and cash equivalents at end of the period</b>	<b>257,998,050</b>	110,304,842

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**

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

	Quarter ended September 30, 2012 (Rupees)	Quarter ended September 30, 2011 (Rupees)
<b>Net assets at the beginning of the period</b>	785,550,293	675,992,149
Cash received on issuance of units*	521,999,365	197,418,603
Cash paid / payable on redemption of units**	(492,270,904)	(204,385,919)
	29,728,460	(6,967,316)
Element of loss / (income) and capital loss / (gains) included in prices of units issued less those in units redeemed	286,918	1,867,253
Gain on sale of Investments – net	85,564	(109,428)
Unrealised gain on Investments at fair value through profit or loss net	751,440	72,340
Other income for the period	20,856,995	19,555,049
<b>Net assets at the end of the period</b>	837,259,669	690,410,047
	<b>Number of units</b>	<b>Number of units</b>
Number of units in issue at beginning of the period	78,080,867	64,053,688
Add: Number of units issued	51,617,284	19,424,422
Add: Bonus units issued	1,657,905	3,185,641
	131,356,056	86,663,752
Less Number of units redeemed	48,629,953	19,917,386
Number of units in issue at the end of the period	82,726,103	66,746,367

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 CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

**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, 2012.

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

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed for the preparation of these interim condensed financial statements are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2012.

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

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

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

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

Had the methodology not been changed, net income and other comprehensive income for the period would have been higher by Rs. 0.2 million. However, the change has no effect on the net assets of the Fund.

	Note	September 30, 2012 (Un-Audited) (Rupees)	June 30, 2012 (Audited) (Rupees)
<b>5. BANK BALANCES</b>			
Saving accounts	5.1	17,997,217	46,289,770
Current accounts		833	833
		<b>17,998,050</b>	<b>46,290,603</b>
<b>5.1</b>	Profit rates on deposit accounts range between 6.00% to 9.00% per annum (June 30, 2012: 4.89% to 11.35% pa)		
<b>6. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Government securities	6.1	578,427,381	615,018,014
		<b>578,427,381</b>	<b>615,018,014</b>
<b>Held to maturity</b>			
Certificate of investment / Certificate of deposits	6.2	240,000,000	125,000,000
		<b>818,427,381</b>	<b>740,018,014</b>
Cost of investment		<b>808,116,799</b>	<b>732,799,824</b>

**6.1 Government securities**

Type of instrument	Issue date	Tenor (Months)	Face Value	------(Quantity)-----					Fair Value as at September 30, 2012 (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, 2012	Purchases during the period	Sales during the period	Maturities during the period	As at September 30, 2012			
T-Bill	25 Aug 11	12	100	1,200,000	-	161,000	1,039,000	-	-	-	
T-Bill	26 Jan 12	6	100	1,033,000	1,787,000	987,000	1,833,000	-	-	-	
T-Bill	19 Apr 12	3	100	2,446,000	-	-	2,446,000	-	-	-	
T-Bill	03 May 12	3	100	1,250,000	2,550,000	2,000,000	1,800,000	-	-	-	
T-Bill	14 Jun 12	3	100	136,000	364,000	364,000	136,000	-	-	-	
T-Bill	08 Sept 11	12	100	-	2,000,000	159,000	1,841,000	-	-	-	
T-Bill	28 Jun 12	3	100	-	1,650,000	470,000	1,180,000	-	-	-	
T-Bill	17 May 12	3	100	-	1,900,000	84,000	1,816,000	-	-	-	
T-Bill	11 Aug 11	12	100	-	250,000	-	250,000	-	-	-	
T-Bill	31 May 12	3	100	-	750,000	-	750,000	-	-	-	
T-Bill	09 Aug 12	6	100	-	1,500,000	1,500,000	-	-	-	-	
T-Bill	06 Oct 11	12	100	140,000	-	-	-	140,000	13,988,018	1.71%	
T-Bill	12 Jul 12	3	100	-	1,750,000	1,000,000	-	750,000	74,935,765	9.16%	
T-Bill	26 Jul 12	3	100	-	3,500,000	230,000	-	3,270,000	322,140,692	39.36%	
T-Bill	06 Sept 12	6	100	-	2,000,000	1,500,000	-	500,000	47,962,335	5.86%	
T-Bill	20 Sept 12	6	100	-	1,250,000	-	-	1,250,000	119,400,571	14.59%	
									<u>578,427,381</u>	<u>70.68%</u>	<u>69.09%</u>

**Note**      **30 Sept 2012**      **30 June 2012**  
                                  **Rupees**                                   **Rupees**

**6.2 Held to Maturity**

**Certificate of Investment**

Pak Oman Investment Company Limited		-	55,000,000
Pak Brunei Investment Company Limited	6.2.1	<b>80,000,000</b>	70,000,000

**Letter of Placement**

Pak Oman Investment Company Limited	6.2.2	<b>80,000,000</b>	-
Saudi Pak Industrial & Agricultural Investment Company Limited	6.2.2	<b>80,000,000</b>	-

**240,000,000**                                   125,000,000

**6.2.1** The Certificate of Investment carries a mark-up rate of 10.60% per annum and will mature by 10 December 2012. The COI represents 9.77% of the total Investments on the basis of carrying value.

**6.2.2** These carry mark-up rates of 10.00% and 10.20% per annum and will be mature by 01 October 2012 and 02 October 2012 respectively. These LOP represents 9.77% and 9.77% of the total investments on the basis of carrying value.

**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
NIL						

	September 30, 2012 (Un-Audited) (Rupees)	June 30, 2012 (Audited) (Rupees)
<b>7. MARK-UP/ INTEREST RECEIVABLE</b>		
On		
- Savings accounts	2,268,894	302,112
Investments		
- Letter of Placement	132,822	-
- Certificate of Investment	487,890	2,139,287
	<u>2,889,606</u>	<u>2,441,399</u>
	September 30, 2012 (Un-Audited) (Rupees)	June 30, 2012 (Audited) (Rupees)
<b>8. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>		
Preliminary expenses and floatation cost incurred	1,429,033	2,035,089
Less: Amortization during the period	<u>(152,341)</u>	<u>(606,056)</u>
	<u>1,276,692</u>	<u>1,429,033</u>
<b>8.1</b>	The preliminary expenses and floatation cost represent initial listing fees, legal and professional charges, advertising and publicity and printing cost of trust deed and offering document and the authorization fee of the Fund.	
<b>9. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY</b>		
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 01 December 2011.		
<b>10. REMUNERATION PAYABLE TO THE TRUSTEE</b>		
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.		
<b>11. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Fund is required to pay SECP an amount equal to 0.075% of the average daily net assets.		
<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	September 30, 2012 (Un-Audited) (Rupees)	June 30, 2012 (Audited) (Rupees)
Auditor's remuneration	425,586	330,041
Brokerage payable	60,653	25,371
Sales load payable	5,200	5,200
Preliminary expenses and floatation cost	1,429,033	2,035,089
Printing and Stationery cost payable	62,224	41,146
Others payable	276,233	153,184
	<u>2,258,929</u>	<u>2,590,031</u>



**13. CONTINGENCY**

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. A petition has been filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their Trustee on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled *ab-initio* clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

During 2011, the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. Further, during the year, based on such decision of Honourable High Court, the Commissioner of Inland Revenue (Appeals - II) have declared the WWF demand raised by tax authorities against certain mutual funds managed by Asset Management Companies as illegal and without jurisdiction. The management company believes that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh. Further, based on the opinion from legal counsel of Mutual Funds Association of Pakistan (MUFAP), there are good chances for the Constitutional Petition to be decided in favour of the mutual funds and accordingly mutual funds need not to make a provision regarding WWF in their financial statements.

In view of the aforementioned developments during the year, the management company believes that there is no compelling reason to make provision on account of WWF contribution in the financial statements. Further, the management company also expects that the constitutional petition pending in the Honourable High Court of Sindh on the subject as referred above will be decided in favour of the mutual funds. The aggregate unrecognised amount of WWF as at 30 September 2012 amounted to Rs. 4.97 million (2011: Rs. 3.4 million). Had a provision of WWF been made the NAV per unit would have been lower by Rs. 0.06.

**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), BMA Capital Management Limited Staff Provident Fund and MCB Financial Services Limited (refer below for details). Transactions with connected persons can be summarised as follows:

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 yearend are as follows:

	For the Quarter ended September 30, 20112 (Units) (Rupees)		For the Quarter ended September 30, 2011 (Units) (Rupees)	
<b>Units sold to:</b>				
Directors and executives of the management company	15,701	159,317	16,014	162,299
<b>Associated Companies and unit holders with 10% &amp; above unit holding</b>				
BMA Asset Management Company Limited	9.56	96.44	2,647,666	26,708,666
The I-Care foundation	347	3,497	41,868	420,923
Habib Metropolitan Bank Limited	164,274	1,656,630	488,464	4,913,573
Emirates shipping Agency Pakistan (Pvt) Limited	5,619,851	56,780,016	-	-
BMA Capital Management Limited	14,537,287	146,875,314	38,173	383,775
BMA Capital Management Limited Staff Provident Fund	-	-	-	-
	For the Quarter ended September 30, 2012 (Units) (Rupees)		For the Quarter ended September 30, 2011 (Units) (Rupees)	
<b>Units redeemed to:</b>				
Directors and executives of the management company	34,724	350,592	39,710	402,845
<b>Associated Companies and unit holders with 10% &amp; above unit holding</b>				
BMA Asset Management Company Limited	347,536	3,500,000	945,708	9,650,000
West Bury (Pvt) Limited	-	-	487	5,000
Habib Metropolitan Bank Limited	-	-	3,641,923	36,789,711
Emirates shipping Agency Pakistan (Pvt) Limited	9,105,379	92,244,600	-	-
BMA Capital Management Limited	6,035,217	60,985,570	-	-
BMA Capital Management Limited Staff Provident Fund	5,293,355	53,308,845	-	-
	Sep 30, 2012 (Un-Audited) (Rupees)		Sep 30, 2011 (Un-Audited) (Rupees)	
<b>Transactions with related parties</b>				
<b>BMA Asset Management Company</b>				
-Sales Load		-		-
- Remuneration to management company		1,553,475		3,279,690
<b>Trustee</b>				
- Remuneration of the trustee		349,378		326,732

	September 30, 2012 (Units)	September 30, 2012 (Rupees)	June 30, 2012 (Units)	June 30, 2012 (Rupees)
<b>Units Held by:</b>				
- Directors and executives of the management company	14,433	146,076	34,772	349,824
<b>Associated Companies and unit holders with 10% &amp; above unit holding</b>				
BMA Asset Management Company Limited	466	4,713	34,772	347,992
Westbury (PVT) Limited	4,142,298	41,923,779	4,057,234	40,818,611
Habib Metropolitan Bank Limited	7,999,524	80,962,379	7,835,250	78,828,101
Emirates shipping Agency Pakistan (Pvt) Limited	4,916,704	49,761,466	8,402,231	84,532,330
BMA Capital Management Limited	8,502,071	86,048,610	-	-
BMA Capital Management Limited Staff Provident Fund	-	-	-	-
			<b>Quarter ended September 30, 2012 (Rupees)</b>	<b>June 30, 2012 (Rupees)</b>
<b>Balances with related parties:</b>				
<b>BMA Asset Management Company</b>				
- Remuneration payable to the management company			587,439	575,577
- Formation cost payable			1,429,033	2,035,089
- Sales Load Payable			5,200	5,200
<b>Trustee</b>				
- Remuneration payable to the trustee			113,903	112,180

## 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 31, 2012.

## 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**