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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 of BMA Empress Cash Fund (BECF), is pleased to present its report and financial statements of the Fund for the period ended September 30, 2014.

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 Short term Government Securities and placements in financial institutions with a minimum rating of AA. This will enable the fund to earn consistent risk adjusted returns. The Fund was launched on November 12, 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

During the period ended September 30, 2014, fund earned Rs. 11.03 million from income on investments, bank balances and term deposits. In addition, the fund realized a loss of Rs. 0.053 million on investments and presented an unrealized loss of Rs. 0.031 million. Thus Total income came to Rs. 10.95 million.

Expenses for the period totaled approximately Rs. 1.99 million, which included Rs. 0.22 million remuneration to the Trustee of the fund, Rs. 0.083 million fees to the SECP and Rs. 0.83 million remuneration of the management company. In addition to this, the fund booked an element of net loss arising from the issue and redemption of units which totaled Rs. 0.12 million. As a result, net income for the period was Rs. 8.84 million.

Financial highlights

September 30, 2014

	Rupees
Mark up/interest income	11,034,467
Gain / (Loss) on investments (Net)	(52,695)
Unrealized Gain / (Loss) on investments	(31,025)
Total Income	10,950,746
Expenses	(1,982,174)
Element of Loss	(124,644)
Net Income	8,837,668
Net Asset Value per unit (Rupees)	10.37

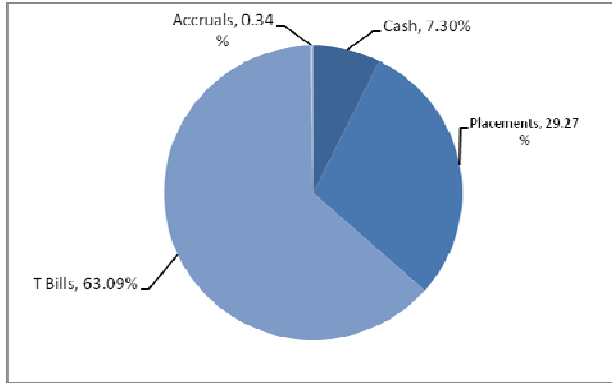
INVESTMENT STRATEGY

During the period under review, the fund aimed to maintain the majority of its exposure in T bills, while selectively deploying assets in high yielding placements with good credit quality banks and DFIs. This enabled the fund to generate a competitive rate of return while retaining both liquidity and its ability to respond quickly in an uncertain macroeconomic environment. It also allowed management to minimize cash drag on the fund's returns.

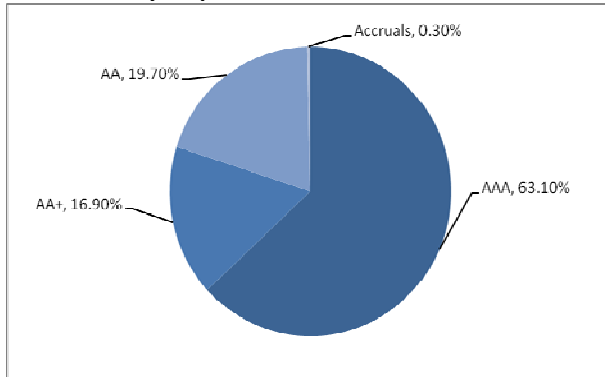
During 1QFY15, the portfolio duration of the fund was below the upper limit of 60 days. This was on account of allowing the fund to efficiently tackle adverse interest rate movement and remain liquid to meet redemption requests.

As of September 30th, 2014, the net assets of the Fund were Rs. 437.33 million. Out of above, 63.09% of the funds were invested in Treasury bills, 29.27% in placements, 7.3% was held in cash, and 0.34% in accruals. In line with this asset allocation, the credit quality of the fund remained high with 63.1% allocated to sovereign rated securities, 16.9% to AA+, 19.7% to AA and 0.3% was held in accruals. The portfolio duration as of September 30, 2014 was 50.8 days.

Asset Allocation: September 30, 2014



Credit Quality: September 30, 2014



Return & Fund Update

During 1QFY15 the Fund generated a net return of 8.18% for investors. This was against the benchmark average of 7.63%. For the period under review, the fund has out-performed its benchmark by 0.55% and maintained its competitive position in the money market category.

Macroeconomic Outlook

The price behavior during the 1QFY15 was largely in-line as per market expectations. The CPI inflation for Sep'14 inched up slightly and recorded at 7.68% YoY as compared to 6.99% YoY registered in August'14. 1QFY15 inflation averaged at 7.52% YoY as compared 8.06% YoY recorded in same quarter last year. On month-on-month basis CPI increased by 0.35% and 0.33% during September and August respectively, where as we have seen major jump of 1.7% in July 2014 due to Ramadan effect. The major reasons behind the uptick in 1QFY15 CPI are higher food inflation driven by perishable food items, surge in house rent Index and in Transport Index. Owing to high base effect and drop in commodity prices, we expect CPI to stay within the range of 8%-8.5% over the next three months.

During the 1QFY15, Pak rupee was under-stress and depreciated by 3.75% against the US Dollar. In addition to this, the country's FX reserves continued their downward trend started from beginning of

the quarter and dropped to US\$13.5bn. The major reasons behind the decline are hefty import bills, payment to international lenders and speculative buying in FX market. We believe that, softer oil prices, jump in exports and about US\$2.4bn prospective inflows from OGDC GDR, SUKUK bond and combined IMF tranches in 2QFY15 should boost FX reserves position in near term.

Overseas Pakistanis remitted US\$1.72 bn in the month of September, which is 29% higher than the amount (US\$1.32 bn) they remitted during second month of FY15, the uptick likely driven by the Eid season. This brings 1Q FY15 figure to US\$4.7bn as against US\$3.9bn in the same period last year. The current account deficit increased to US\$1.33 bn for the first quarter of FY15 to US\$1.27 bn in the same quarter of the last fiscal year. Due to slow down in export and strong jump in imports Pakistan's Trade deficit expanded by over 36% to US\$5.9bn in the 1Q of FY15 as against US\$4.3bn during the same period last year. However, Exports got a boost in September as against consistent slow down since April 2014. The ballooning trade deficit has played instrumental role in expanding the current account deficit. We are projecting US\$ 3.2bn (1.2% of GDP) current account deficit in FY15 as compared to US\$ 3bn in FY14.

Despite drastic improvement in key economic variables such as containment of fiscal deficit, reduction in inflation, stable rupee dollar parity and growing reserves, SBP adopted cautious monetary stance during 1QFY15. However, we believe that comfortable real interest rate of 230bps and 250bps over September'14 and 1QFY15 average inflation, settlement of ongoing political crisis and completion of IMF review on time will build a strong case for DR cut in the next monetary policy due in November 2014.

Strategy

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

- Shorter tenure instruments.
- Allocating 80% of the portfolio to AAA rated securities, such as government securities.

We believe that the monetary tightening cycle has come to its end and the government would like to reduce Discount rate in 1HFY15. This is largely due to conducive economic indicators such as single digit inflation, strong LSM growth, containment of fiscal deficit, increase in foreign exchange reserves and stable exchange rate. We will continue our focus towards shorter tenure instruments to avoid the interest rate risk and the prevailing political risk. We will also avail prevailing trading opportunities to maximize fund returns.

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 27, 2014**

**Adeel Ahmad Khan
Chief Executive Officer**

**BMA EMPRESS CASH FUND
INTERIM CONDENSED STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2014**

	September 30, 2014 (Un-Audited)	June 30, 2014 (Audited)
	-----Rupees-----	
ASSETS		
Bank balances	4 34,998,456	22,740,035
Term deposit receipts	44,000,000	44,000,000
Investments	6 362,584,927	359,645,017
Profit receivable	7 1,298,311	568,969
Preliminary expenses and floatation costs	8 67,892	220,233
Security deposit	100,000	100,000
Prepayments and other receivables	106,069	108,117
Total assets	443,155,655	427,382,371
LIABILITIES		
Payable to BMA Asset Management Company Ltd - Management Company	9 1,294,554	1,996,228
Fee payable to MCB Financial Services Limited - Trustee	10 70,035	74,824
Payable to the Securities and Exchange Commission of Pakistan	11 83,066	500,906
Dividend payable	-	13,303
Redemption Payable	3,507,274	-
Accrued expenses and other liabilities	12 869,376	479,390
Total liabilities	5,824,306	3,064,651
NET ASSETS	437,331,349	424,317,720
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)	437,331,349	424,317,720
CONTINGENCIES AND COMMITMENTS	13	
	----- Number of units -----	
NUMBER OF UNITS IN ISSUE	42,159,261	67,253,582
	Rupees	
NET ASSET VALUE PER UNIT	10.37	6.31

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

**BMA EMPRESS CASH FUND
CONDENSED INTERIM INCOME STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees-----	
INCOME		
Mark up / interest income on investments and bank balances	11,034,467	17,717,259
(Loss) on sale of investments - net	(52,695)	(213,174)
Net unrealised (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(31,025)	(47,510)
Total income	10,950,746	17,456,575
EXPENSES		
Remuneration of the management company	830,660	1,478,469
Sindh Sales Tax on Management Company's remuneration	144,535	236,557
Federal Excise Duty on Management Company's remuneration	132,906	236,557
Remuneration of MCB Financial Services Limited - Trustee	221,509	337,377
Annual fee - Securities and Exchange Commission of Pakistan	83,066	147,847
Amortisation of preliminary expenses and floatation costs	152,342	152,342
Auditor's remuneration	111,465	98,059
Other Expenses	311,950	164,696
Total expenses	1,988,434	2,851,903
Net income from operating activities	8,962,312	14,604,672
Element of (loss) /income and capital (losses) / gains included in prices of units issued less those in units redeemed – net	(124,644)	658,773
Net income for the period before taxation	8,837,668	15,263,445
Taxation	-	-
Net income for the period after taxation	8,837,668	15,263,445
Earnings per unit	3.1	-

The annexed notes from 1 to 16 from an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

**BMA EMPRESS CASH FUND
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	Rupees	
Net income for the period	8,837,668	15,263,445
Other comprehensive income	-	-
Total comprehensive income for the period	<u><u>8,837,668</u></u>	<u><u>15,263,445</u></u>

The annexed notes from 1 to 16 from an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

**BMA EMPRESS CASH FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees-----	
Undistributed income brought forward	9,739,509	6,594,006
Net income for the period	8,837,668	15,263,445
2014: Nil (2013: Rs.0.05 per unit ON 30 July, 2013)	-	(4,157,057)
2014: Nil (2013: Re 0.05 per unit on 29 August, 2013)	-	(3,503,521)
2014: Nil (2013: Rs.0.07 per unit on 30 September, 2013)	-	(5,902,350)
Undistributed income carried forward	<u>18,577,177</u>	<u>8,294,523</u>

The annexed notes from 1 to 16 from an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

**BMA EMPRESS CASH FUND
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

Note	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	8,837,668	15,263,445
Adjustments for:		
Mark-up/ interest income on investments and bank balances	(11,034,467)	(17,717,259)
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	31,025	47,510
Loss on sale of investments - net	52,695	213,174
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed – net	124,644	(658,773)
Amortisation of preliminary expenses and floatation costs	152,342	152,342
	<u>(1,836,092)</u>	<u>(2,699,561)</u>
Decrease / (Increase) in assets		
Investments- net	(3,023,631)	(99,736,474)
Profit receivable	10,305,124	17,060,813
Prepayments and other receivables	2,048	(22,100)
	<u>7,283,541</u>	<u>(82,697,760)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	(701,674)	(294,318)
Fee payable to MCB Financial Services Limited - Trustee	(4,789)	4,637
Payable to Securities and Exchange Commission of Pakistan	(417,840)	(427,462)
Payable against redemption of units	3,507,274	1,000,000
Dividend payable	(13,303)	(4,466)
Accrued expenses and other liabilities	389,986	777
	<u>2,759,655</u>	<u>279,168</u>
Net cash (used in) / generated from operating activities	<u>8,207,104</u>	<u>(85,118,153)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	190,777,206	731,820,316
Payments on redemption of units	(186,725,890)	(566,684,055)
Net cash generated from financing activities	<u>4,051,316</u>	<u>165,136,261</u>
Net increase in cash and cash equivalents during the period	<u>12,258,421</u>	<u>80,018,107</u>
Cash and cash equivalents at the beginning of the period	22,740,035	115,743,603
Cash and cash equivalents at the end of the period	<u>4</u> <u>34,998,456</u>	<u>195,761,710</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

BMA EMPRESS CASH FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees-----	
Net assets at the beginning of the period {Rs.10.09 per unit (June 30, 2013: Rs. 10.06 per unit)}	424,317,720	678,474,947
Issue of 18,573,074 units (2013: 72,239,655) units including bonus Nil (2013: 1,342,115 bonus units)	190,777,206	731,820,316
Redemption of 18,162,028 units (2013: 55,933,595 units)	(186,725,890) 4,051,316	(566,684,055) 165,136,261
Net unrealized appreciation on re-measurement of Investments classified as 'financial assets at fair value through profit or loss'	(31,025)	(47,510)
Net capital (loss) on sale of investments	(52,695)	(213,174)
Other income (net of expenses)	8,921,389	15,524,129
Total comprehensive income for the period	8,837,668	15,263,445
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed – net	124,644	(658,773)
Net assets at the end of the period {Rs. 10.37 per unit (September 30 2013 Rs. 10.11 per unit)}	437,331,349	858,215,880
	Number of units	
NUMBER OF UNITS IN ISSUE	42,159,261	84,901,757
	----- (Rupees) -----	
NET ASSET VALUE PER UNIT	10.37	10.11

The annexed notes from 1 to 16 from an integral part of these condensed interim financial statements.

For BMA Asset Management Company Limited
(Management Company)

Chief Executive Officer

Director

**BMA EMPRESS CASH FUND
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

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 the 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 Management Company of the Fund is licensed to carry out Asset Management services as a Non-Banking Finance Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 801 Unitower I.I Chundrigar Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Karachi Stock Exchange. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering these to the Fund. The Fund is categorised as an Open-End "Money Market Scheme" as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

The primary objective of the Fund is 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.

Pakistan Credit Rating Agency Limited (PACRA) has assigned a rating of AM3+ to the Management Company. The Fund has been assigned a rating of AA+(f) by JCR-VIS.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial statements has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2014.

In compliance with schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2014.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2013 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2014.

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2014.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2014.

3.1 Earning Per unit

Earning per unit (EPU) for the period ended September 30, 2014 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

	Note	September 30, 2014 (Un-Audited) (Rupees)	June 30, 2014 (Audited)
4 BANK BALANCES			
Savings accounts	4.1	34,998,456	22,740,035
Current accounts		-	-
		<u>34,998,456</u>	<u>22,740,035</u>

4.1 These accounts carry rate of return ranging from 6.00% to 8.65% (2014 : 6.00% to 8.65%) per annum.

	Note	September 30, 2014 (Un-Audited) (Rupees)	June 30, 2014 (Audited)
5 TERM DEPOSIT RECEIPTS			
	5.1	44,000,000	44,000,000

5.1 This term deposit carries profit at the rate of 10.30% per annum (June30, 2014: profit at the rate of 10.30% per annum with maturity on 04 August 2014) with maturity on 20 January 2015.

	Note	September 30, 2014 (Un-Audited) (Rupees)	June 30, 2014 (Audited)
6 INVESTMENTS			
At fair value through profit or loss			
Government securities - Market Treasury Bills	6.1	278,584,927	314,645,017
Loans and receivables			
Certificate of investment	6.2	42,000,000	45,000,000
Letter of Placement	6.3	42,000,000	-
		<u>362,584,927</u>	<u>359,645,017</u>

6.1 Investment in Government Securities - 'at fair value through profit or loss'

Issue Date	Face Value				Carrying Value as at September 30, 2014	Market Value as at September 30, 2014	Appreciation / (Diminution)	Investment as a percentage of		
	Tenor	As at July 1, 2014	Purchases during the period	Disposed / Matured during the period				As at September 30, 2014	Net Assets	Market Value of total investments
-----Rupees in-----					-----%-----					
Market Treasury Bills										
April 17, 2014	6 Months	35,000,000	-	20,000,000	15,000,000	14,937,108	14,937,900	6,792	3.42%	4.12%
May 2, 2014	6 Months	110,000,000	-	110,000,000	-	-	-	-	-	-
January 23, 2014	6 Months	153,000,000	-	153,000,000	-	-	-	-	-	-
June 26, 2014	3 Months	23,000,000	170,550,000	193,550,000	-	-	-	-	-	-
May 15, 2014	6 Months	-	277,150,000	275,000,000	2,150,000	2,124,940	2,124,937	(3)	0.49%	0.59%
May 15, 2014	3 Months	-	77,000,000	77,000,000	-	-	-	-	-	-
May 29, 2014	3 Months	-	79,150,000	79,150,000	-	-	-	-	-	-
August 7, 2014	6 Months	-	125,000,000	61,025,000	63,975,000	63,479,961	63,464,267	(15,694)	14.51%	17.50%
March 6, 2014	6 Months	-	20,000,000	20,000,000	-	-	-	-	-	-
September 4, 2014	3 Months	-	120,000,000	20,000,000	100,000,000	98,479,866	98,461,969	(17,897)	22.51%	27.16%
April 3, 2014	6 Months	-	50,000,000	-	50,000,000	49,986,534	49,985,917	(617)	11.43%	13.79%
September 18, 2014	3 Months	-	20,000,000	-	20,000,000	19,621,333	19,618,401	(2,933)	4.49%	5.41%
July 10, 2014	3 Months	-	30,000,000	-	30,000,000	29,992,210	29,991,536	(674)	6.86%	8.27%
Total as at September 30, 2014						<u>278,584,927</u>	<u>(31,025)</u>	<u>63.70%</u>	<u>76.83%</u>	

6.2 Certificates of Investment

Name of issuer	Maturity date	Rate	As at September 30, 2014
Pak Oman Investment Company Limited	12-Jan-15	10.25%	<u>42,000,000</u>
			<u>42,000,000</u>

6.3 Letter of Placements

Name of issuer	Maturity date	Rate	As at September 30, 2014
Saudi Pak Agricultural and Industrial Company Limited	22-Dec-14	10.20%	<u>42,000,000</u>
			<u>42,000,000</u>

7 PROFIT RECEIVABLE

- Profit on savings deposits	634,637	256,651
- Profit on term deposit receipt	499,068	161,414
- Profit on letters of placements	58,973	-
- Profit on certificates of investment	105,633	150,904
	<u>1,298,311</u>	<u>568,969</u>

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

Opening balance	220,233	824,633
Less: Amortisation during the period	(152,341)	(604,400)
Balance as at the end of the period	<u>67,892</u>	<u>220,233</u>

9 PAYABLE TO THE MANAGEMENT COMPANY

Management Company's remuneration	262,634	281,868
Sindh Sales Tax on management company's remuneration	45,698	45,099
Federal Excise duty on management company's remuneration	986,222	844,628
Sales Load payable to the Management Company	-	-
Preliminary expenses and floatation costs paid by the Management Company on behalf of the Fund	-	824,633
	<u>1,294,554</u>	<u>1,996,228</u>

9.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent per annum of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent per annum of such assets of the Fund. The Management company has charged remuneration at the rate of 0.75 percent of the average annual net assets of the Fund.

- 9.2 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED.

	Note	September 30, 2014 (Un-Audited)	June 30, 2014 (Audited)
10 FEE PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE			
	10.1	<u>70,035</u>	<u>74,824</u>

- 10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff structure specified therein, based on the daily net assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at September 30, 2014 is as follows:

Net Assets	Tariff per annum
Up to Rs. 500 million	Rs.0.7 million or 0.20% per annum of the Net Asset, whichever is higher
Exceeding Rs. 500 million to Rs.1,000 million	Rs.1.0 million plus 0.12% per annum of the amount exceeding Rs. 500 million
Exceeding Rs. 1,000 million to Rs. 2,000 million	Rs.1.45 million plus 0.08% per annum of the amount exceeding Rs. 1,000 million
Over Rs. 2,000 million	Rs.2.35 million plus 0.05% per annum of the amount exceeding Rs.2,000 million

	Note	September 30, 2014 (Un-Audited)	June 30, 2014 (Audited)
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	11.1	<u>83,066</u>	<u>500,906</u>

- 11.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as money market scheme is required to pay an annual fee to SECP at an amount equal to 0.075 percent of the average annual net assets of the Scheme. The Fund has been categorised as a 'Money Market Scheme' by the Management Company.

		September 30, 2014 (Un-Audited)	June 30, 2014 (Audited)
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		412,440	300,975
Printing expenses payable		68,522	25,025
Provision for Workers' Welfare Fund	12.1	269,014	88,640
Other payables		119,399	64,750
		<u>869,376</u>	<u>479,390</u>

12.1 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / Pension Funds 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 (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. This response was contradictory to the earlier clarification issued by the Ministry. Show cause notices were then issued by the Federal Board of Revenue (FBR) to several Mutual Funds (CISs) / Pension Funds for the collection of WWF. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds have been granted stay by the Honorable SHC on the basis of the pending Constitutional Petition as referred to above.

In March 2013, a three member bench of the Sindh High Court in its judgment on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through the Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgment was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills.

In a recent judgment of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the constitution. For CISs and Pension Funds the issue of chargeability or otherwise of WWF levy to the CISs pension schemes, is currently, pending before the Honorable SHC.

The Management Company believes that the decision of the Honorable Lahore High Court will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh. Further, based on the opinion from the legal counsel of Mutual Funds Association of Pakistan (MUFAP), there are good chances for the Constitutional Petition to be decided in favor of the mutual funds. However, considering the open ended nature of the Fund, the Board of Directors (BoD) of the Management Company through the resolution by circulation dated July 15, 2014, have decided that accumulated unrecorded WWF provision from the date of its application till May 07, 2014 will be borne by the Management Company subject to the decision of the court. The BoD further resolved that with effect from May 08, 2014, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971.

The accumulated provision for WWF, which will be borne by the Management Company till May 07, 2014 amounted to Rs. 6.698 million. A provision amounting to Rs. 0.269 million relating to the period after May 07, 2014 has been recorded by the Fund. Had the provision not been made, the net assets value of the Fund would have been higher by Rs. 0.006 per unit.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2014 and as at June 30, 2014.

14 TRANSACTIONS WITH 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, BMA Funds Limited and the

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

Associated Companies

- BMA Asset Management Company Limited	3,626,576.23	37,619,563	2,034,278	20,675,790
- BMA Funds Limited	15	153	15	150
- BMA Capital Management Limited	6,401	66,404	-	-

BMA Asset Management Company Limited

Management remuneration payable		262,634		281,868
Sindh Sales Tax payable on Management Company's remuneration		45,698		45,099
Federal Excise Duty on Management Company's remuneration		986,222		844,628
Preliminary expenses and floatation costs paid by the Management Company on behalf of the Fund		-		824,633
Sales Load Payable		-		-

Balances with other parties - unsecured**Trustee**

- Remuneration Payable to MCB Financial Services Limited		70,035		106,933
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15 DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors of the Management Company on 31 October 2014.

16 GENERAL

Figures have been rounded off to the nearest rupee.

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

Chief Executive Officer

Director