

## CONTENTS

<b>FUND'S INFORMATION .....</b>	<b>1</b>
<b>MISSION STATEMENT .....</b>	<b>2</b>
<b>REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY.....</b>	<b>3</b>
<b>REVIEW REPORT TO THE UNIT HOLDERS .....</b>	<b>6</b>
<b>REPORT OF THE TRUSTEE .....</b>	<b>7</b>
<b>CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES.....</b>	<b>8</b>
<b>CONDENSED INTERIM INCOME STATEMENT.....</b>	<b>9</b>
<b>CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME .....</b>	<b>10</b>
<b>CONDENSED INTERIM DISTRIBUTION STATEMENT .....</b>	<b>11</b>
<b>CONDENSED INTERIM CASH FLOW STATEMENT .....</b>	<b>12</b>
<b>CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND...13</b>	
<b>NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS .....</b>	<b>14</b>

## 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  
3<sup>rd</sup> Floor Adamjee House I.I. Chundrigar Road Karachi

### Bankers

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

### Distributors

BMA Financial Services Limited

### Auditors

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

### Legal Adviser

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

### Registrar

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

### Fund Stability Rating

AA+ (f)

### Management Quality Rating

AM2- by JCR VIS Credit Rating Company Limited

### **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 Investment Adviser to BMA Empress Cash Fund (BECF) is pleased to present its report and financial statements of the Fund for the half year ended December 31, 2010.

**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**

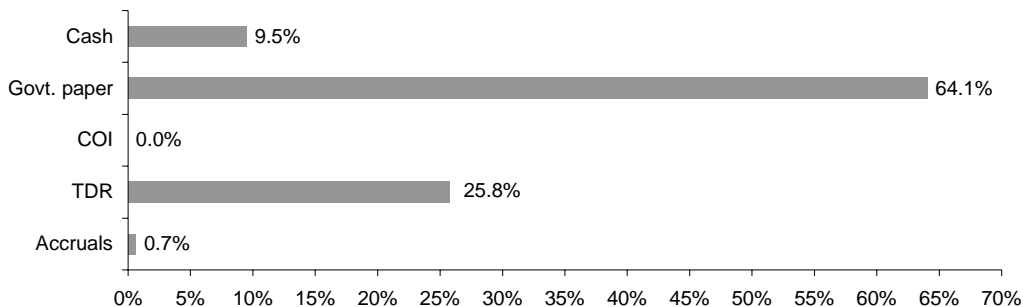
For the period ended December 31, 2010 the Fund earned PKR71.9 mn from income on investments, bank balances and term deposits. In addition the fund booked element of income from the issue and redemption of units which totalled PKR4.0 mn. Total income thus came to PKR75.0 mn

Expenses for the period totalled PKR10.9 mn and consisted of PKR0.8 mn remuneration to the trustee of the fund, PKR0.4 mn fee to the SECP and PKR8.8 mn remuneration to the management company. As a result net income for the period was PKR64.1 mn.

<b>Financial highlights</b>	<b>December 31, 2010</b>
	<b>Rupees</b>
Mark up/interest income	71,873,185
Element of income	3,959,249
<b>Total Income</b>	<b>74,989,089</b>
Expenses	10,912,477
<b>Net Income</b>	<b>64,076,612</b>
Net Asset Value per unit (Rupees)	10.58

As of 31 December the net assets of the Fund were PKR1,241.1 mn, of which 9.5% was held as cash, 25.8% was placed in term deposits with AA (and above) rated Banks and 64.1% was allocated to sovereign rated Treasury Bills. The portfolio duration as of 31 December was 31 days, which is in line with the Fund’s investment strategy of minimizing interest rate risk in a tight monetary environment.

**Asset Allocation [31.12.10]**



## **RETURN DURING THE PERIOD FOR INVESTORS**

During the calendar year ended 31 December 2010, the fund generated an annualized net return of 10.66% for investors, while inception to date and quarter returns were 10.59% and 11.09% respectively. This was against the benchmark average of 7.52% during CY10.

## **MACROECONOMIC OUTLOOK**

During the first half of fiscal year 2011 the SBP resumed the monetary tightening cycle with three consecutive discount rate hikes of 50bps each in Jul10, Sep10 and Nov10. Currently the discount rate stands at 14.0% and it is expected that during 2HFY11 a further increase of between 50bps-100bps is on the cards.

These projections are based on a number of factors which include; higher commodity prices, resurgent inflationary pressures and deficit monetization.

Higher commodities prices especially oil have the potential to derail the fragile macroeconomic stabilization program enacted in the wake of IMF financing. With the Arab blend of crude oil crossing the USD100/barrel mark (on the back of Middle East political instability), Pakistan's external accounts could see some pressure during 2HFY11.

With revisions in the prices of petroleum and utilities expected, we project that the full year average for the Consumer Price Index will come in between 15.0%-16.0%, which means that current interest rates are negative.

In addition the government has been unable to attract multilateral or unilateral aid flows/assistance to finance the increasingly large fiscal deficit. This deficit is projected to cross PKR1 trillion during FY11 and the burden of financing it has so far fallen to the SBP and domestic banks. With external assistance unlikely to materialize, pressure on liquidity, interest rates and private sector borrowing is expected to continue.

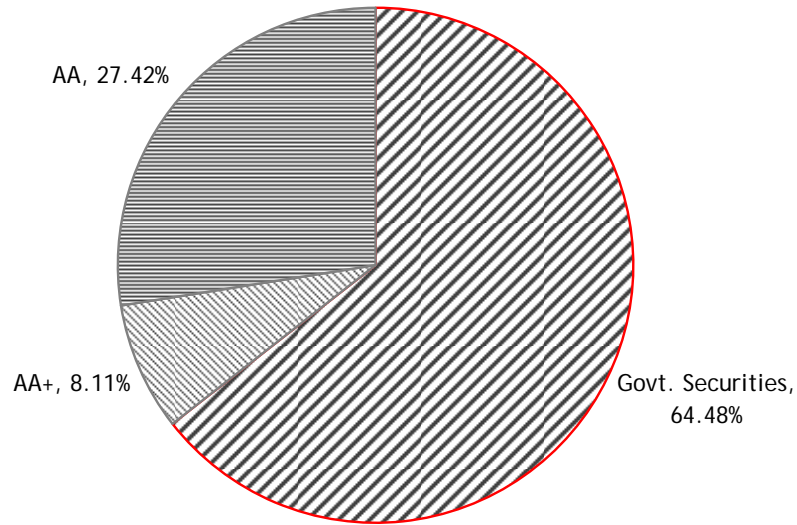
On the flip side the current account deficit recorded a very rare surplus of USD50mn during 1HFY11. FOREX reserves were at record levels of over USD17.0bn (providing 6M of import cover) and the PKR has resultantly been relatively stable against the USD over the last few months.

## **STRATEGY**

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

- Keep portfolio duration around 30 days
- Continue investing in short duration Treasury Bills with an upper limit of 90 days
- Allocate at least 50% of the portfolio to Treasury Bills as they are currently providing the best risk adjusted return
- Maintain adequate cash levels for flexibility
- Go long once the interest rate cycle has peaked

Credit Quality [31.12.10]



**Acknowledgement**

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

**For and on behalf of the  
Board**

**Karachi  
February 03, 2011**

**Muddassar Malik  
Chief Executive Officer**

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

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **BMA EMPRESS CASH FUND** (the Fund) as at **31 December 2010** and the related condensed interim income statement and condensed interim statements of comprehensive income, distribution, cash flow and movement in unit holders' funds together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months' period then ended. Management Company (BMA Asset Management Company Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Karachi: February 03, 2011**

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

**REPORT OF THE TRUSTEE TO THE UNIT HOLDERS**

**BMA EMPRESS CASH FUND**

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

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

1. BMA Asset Management Company Limited, the Management Company of BMA Empress Cash Fund, has in all material respects, managed BMA Empress Cash Fund during the six months period ended December 31, 2010 in accordance with the provisions of the following:
  - (i) the limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Karachi: February 11, 2011

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2010

	Note	December 31, 2010 Rupees (Un-Audited)	June 30, 2010 Rupees (Audited)
<b>ASSETS</b>			
Bank balances	5	438,350,065	230,710,569
Investments	6	799,629,632	614,727,940
Mark-up / interest receivable	7	6,267,726	4,378,539
Preliminary expenses and floatation costs		2,334,806	2,639,489
Prepayments and other receivables		150,668	57,173
<b>Total assets</b>		<b>1,246,732,897</b>	<b>852,513,710</b>
<b>LIABILITIES</b>			
Remuneration payable to Management company		1,635,760	1,250,544
Remuneration payable to Trustee		142,446	125,503
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)		438,178	326,690
Payable to unit holders against redemption of units		126,700	6,198,892
Accrued expenses and other liabilities	8	3,301,026	3,736,672
<b>Total liabilities</b>		<b>5,644,110</b>	<b>11,638,301</b>
<b>NET ASSETS</b>		<b>1,241,088,787</b>	<b>840,875,409</b>
<b>CONTINGENCY</b>	9	-	-
<b>Unit Holders' Funds (as per statement attached)</b>		<b>1,241,088,787</b>	<b>840,875,409</b>
<b>Number of units in issue</b>		<b>117,332,453</b>	<b>78,979,867</b>
<b>Net asset value per unit – Rupees</b>		<b>10.58</b>	<b>10.65</b>

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)**

\_\_\_\_\_  
**Muddassar Malik**  
Chief Executive Officer

\_\_\_\_\_  
**Tashfin I Huq**  
Director

CONDENSED INTERIM INCOME STATEMENT  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010  
(UN-AUDITED)

	Note	Half-year ended	Period from	Quarter ended	
		December 31, 2010	August 7, 2009 to December 31, 2009	December 31, 2010	December 31, 2009
----- Rupees -----					
<b>INCOME</b>					
Mark up / interest income on investments, bank balances and term deposits	10	71,873,185	10,343,225	36,860,427	9,470,296
<b>Net loss on investments designated 'at fair value through profit and loss'</b>					
Loss on sale of investments designated at fair value through profit and loss upon initial recognition – net		(686,156)	-	(15,305)	-
Unrealised loss on Investments designated at fair value through profit and loss upon initial recognition– net		(157,189)	-	(68,505)	-
		(843,345)	-	(83,810)	-
Element of income and capital gains included in prices of units issued less those in units redeemed		3,959,249	3,450,175	6,456,187	3,241,151
<b>Total income</b>		<b>74,989,089</b>	<b>13,793,400</b>	<b>43,232,804</b>	<b>12,711,447</b>
<b>EXPENSES</b>					
Remuneration to the Management company		8,763,556	834,382	4,435,959	834,382
Remuneration payable to the Trustee		798,158	126,060	400,420	126,060
Annual Fee – SECP		438,178	41,719	221,798	41,719
Brokerage		113,448	7,625	50,703	7,625
Amortisation of preliminary expenses and floatation costs		304,684	82,795	152,342	82,795
Listing fee		52,892	21,104	22,673	21,104
Auditors' remuneration		282,025	75,758	166,281	75,758
Mutual fund rating fee		98,471	26,758	49,236	26,758
Bank Charges		11,387	1,575	7,730	1,575
Printing and stationery		49,678	17,749	21,073	17,749
<b>Total expenses</b>		<b>10,912,477</b>	<b>1,235,525</b>	<b>5,528,215</b>	<b>1,235,525</b>
<b>NET INCOME</b>		<b>64,076,612</b>	<b>12,557,875</b>	<b>37,704,589</b>	<b>11,475,922</b>
<b>Earnings per unit</b>	11	-	-	-	-

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)**

\_\_\_\_\_  
**Muddassar Malik**  
Chief Executive Officer

\_\_\_\_\_  
**Tashfin I Huq**  
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010  
(UNAUDITED)

	Half-year ended December 31, 2010	Period from August 7, 2009 to December 31, 2009	Quarter ended	
			December 31, 2010	December 31, 2009
	----- Rupees -----			
<b>Net income for the period</b>	<b>64,076,612</b>	12,557,875	<b>37,704,589</b>	11,475,922
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>64,076,612</b>	12,557,875	<b>37,704,589</b>	11,475,922

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)**

\_\_\_\_\_  
**Muddassar Malik**  
Chief Executive Officer

\_\_\_\_\_  
**Tashfin I Huq**  
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010  
(UNAUDITED)

	Half-year ended December 31, 2010	Period from August 7, 2009 to December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	----- Rupees -----			
<b>Undistributed income brought forward</b> (includes unrealized loss on investments of Rs. 370,146 and realized loss of Rs. 195,196)	<b>51,076,765</b>	-	<b>30,060,868</b>	1,081,953
Final distribution of bonus units for the year ended 30 June 2010. Rs. 0.6 per unit (2009:distribution of 428,079 bonus units)	<b>(47,387,920)</b>	(4,280,790)	-	(4,280,790)
Net income for the period	<b>64,076,612</b>	12,557,875	<b>37,704,589</b>	11,475,922
<b>Undistributed income carried forward</b> (includes unrealized loss on investments of Rs. 157,189 and realized loss of Rs. 1,251,498)	<u><b>67,765,457</b></u>	<u>8,277,085</u>	<u><b>67,765,457</b></u>	<u>8,277,085</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)**

\_\_\_\_\_  
**Muddassar Malik**  
Chief Executive Officer

\_\_\_\_\_  
**Tashfin I Huq**  
Director

CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)

	Half-year ended December 31, 2010	Period from August 7, 2009 to December 31, 2009
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	64,076,612	12,557,875
<b>Adjustments for:</b>		
Mark up / interest income on investments, bank balances and term deposit	(71,873,185)	(10,343,225)
Loss on sale of securities	686,156	-
Unrealised loss on Investments designated at fair value through profit and loss upon initial recognition – net	157,189	-
Amortisation of preliminary expenses and floatation cost	304,684	82,795
Element of income and capital gains included in prices of units issued less those in units redeemed – net	(3,959,249)	(3,450,175)
	(74,684,405)	(13,710,605)
<b>Increase in assets</b>		
Preliminary expenses and floatation costs	(382,511)	-
Prepayments and other receivables	(93,495)	(171,799)
	(476,006)	(171,799)
<b>Increase / (decrease) in liabilities</b>		
Remuneration payable to the management company	385,216	677,281
Annual fee payable to Securities and Exchange Commission of Pakistan	16,943	41,719
Remuneration payable to the trustee	111,488	89,621
Payable to unit holders against redemption of units	(6,072,192)	101,758,387
Accrued expenses and other liabilities	(53,135)	3,340,120
	(5,611,680)	105,907,128
Purchase of investments	(3,656,139,350)	(378,022,000)
Proceed from sale of investments	3,470,394,312	300,000,000
Markup / interest income received	69,983,998	8,181,421
	(132,456,519)	34,742,020
<b>Net cash (used in) / generated from operating activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	1,357,233,092	979,496,565
Payments for redemption of units	(1,017,137,077)	(339,682,363)
	340,096,015	639,814,202
<b>Net cash generated from financing activities</b>		
Net increase in cash and cash equivalents	207,639,496	674,556,222
Cash and cash equivalents at beginning of the period	230,710,569	-
<b>Cash and cash equivalents at the end of the period</b>	13 438,350,065	674,556,222

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)**

\_\_\_\_\_  
**Muddassar Malik**  
Chief Executive Officer

\_\_\_\_\_  
**Tashfin I Huq**  
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010  
(UNAUDITED)**

	Half-year ended December 31, 2010	Period from August 7, 2009 to December 31, 2009	Quarter ended	
			December 31, 2010	December 31, 2009
----- Rupees -----				
Net assets at the beginning of the period	840,875,409	-	1,029,331,140	138,072,929
Cash received on issue of units*	1,357,233,092	979,496,565	601,578,141	842,296,565
Cash paid / payable on redemption of units**	(1,017,137,077)	(339,682,363)	(421,068,896)	(339,682,363)
	340,096,015	639,814,202	180,509,245	502,614,202
	1,180,971,424	639,814,202	1,209,840,385	640,687,131
Element of income and capital gain included in prices of units issued less those in units redeemed	(3,959,249)	(3,450,175)	(6,456,187)	(3,241,151)
Net income for the period	64,076,612	12,557,875	37,704,589	11,475,922
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	64,076,612	12,557,875	37,704,589	11,475,922
<b>Net assets at the end of the period</b>	<b>1,241,088,787</b>	<b>648,921,902</b>	<b>1,241,088,787</b>	<b>648,921,902</b>
----- Number of units -----				
* Number of units issued	136,897,216	97,827,266	57,680,860	84,107,266
** Number of units redeemed	98,544,630	33,762,785	40,275,521	33,762,785

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)**

\_\_\_\_\_  
**Muddassar Malik**  
Chief Executive Officer

\_\_\_\_\_  
**Tashfin I Huq**  
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2010  
(UN-AUDITED)

**1. LEGAL STATUS AND NATURE OF BUSINESS**

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

**2. BASIS OF PREPARATION**

- 2.1** These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2** The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2010.
- 2.3** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors.

**3. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Fund has adopted the following amended IFRS and related interpretations which became effective during the period:

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)  
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IAS 1 – Presentation of Financial Statements  
IAS 7 – Statement of Cash Flows  
IAS 36 – Impairment of Assets  
IAS 39 Financial Instruments: Recognition and measurement.

**4. ESTIMATES**

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

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Fund's accounting policies and the key sources of estimating uncertainty are the same as those that applied to the financial statements as at and for the year ended June 30, 2010.

	Note	December 31, 2010 (Rupees) (Un-Audited)	June 30, 2010 (Rupees) (Audited)
<b>5. BANK BALANCES</b>			
Current account		233	-
PLS savings accounts	5.1	118,349,832	135,710,569
Term deposit accounts	5.2	320,000,000	95,000,000
		<u>438,350,065</u>	<u>230,710,569</u>

5.1 These carry mark-up rates ranging from 4.89% to 11.65% per annum. (June 30, 2010: 4.89% to 11.35%).

5.2 These carry mark-up rates ranging from 12.8% to 13.75% per annum (June 30, 2010: 12.35%) with maturities ranging from 2 months to 3 months.

	Note	December 31, 2010 (Rupees) (Un-Audited)	June 30, 2010 (Rupees) (Audited)
<b>6. INVESTMENTS</b>			
<b>Designated at fair value through profit or loss upon initial recognition</b>			
- Government securities	6.1	799,629,632	514,727,940
<b>Held to maturity</b>			
- Certificate of investment	6.2	-	100,000,000
		<u>799,629,632</u>	<u>614,727,940</u>

### 6.1 Government securities

Type of Instrument	Issue date	Tenor (months)	Face Value	(Quantity)					Fair Value as at December 31, 2010 (Rupees)	Fair Value as at June 30, 2010 (Rupees)	Percentage of total investments on the basis of carrying value	Percentage of net assets on the basis of carrying value
				As at July 01, 2010	Purchased during the period	Sold during the period	Matured during the period	As at December 31, 2010				
T-Bill	25 Mar 10	6	100	1,750,000	-	1,000,000	750,000	-	-	170,192,400	-	-
T-Bill	8 Apr 10	6	100	500,000	-	500,000	-	-	-	48,402,300	-	-
T-Bill	22 Apr 10	6	100	1,600,000	-	1,600,000	-	-	-	154,190,560	-	-
T-Bill	17 Jun 10	6	100	1,500,000	1,000,000	2,500,000	-	-	-	141,942,680	-	-
T-Bill	6-May-10	6	100	-	1,000,000	-	1,000,000	-	-	-	-	-
T-Bill	3-Jun-10	6	100	-	2,200,000	-	2,200,000	-	-	-	-	-
T-Bill	29-Jul-10	6	100	-	500,000	500,000	-	-	-	-	-	-
T-Bill	29-Jul-10	3	100	-	250,000	50,000	200,000	-	-	-	-	-
T-Bill	13-Aug-10	3	100	-	2,700,000	-	2,700,000	-	-	-	-	-
T-Bill	26-Aug-10	3	100	-	750,000	750,000	-	-	-	-	-	-
T-Bill	9-Sep-10	3	100	-	4,150,000	-	4,150,000	-	-	-	-	-
T-Bill	23-Sep-10	3	100	-	1,000,000	450,000	550,000	-	-	-	-	-
T-Bill	7-Oct-10	3	100	-	2,950,000	340,000	2,610,000	-	-	-	-	-
T-Bill	4-Nov-10	3	100	-	1,000,000	-	-	1,000,000	99,086,060	-	12%	7.98%
T-Bill	4-Nov-10	3	100	-	225,000	-	-	225,000	22,294,363	-	3%	1.8%
T-Bill	16-Nov-10	3	100	-	2,000,000	1,500,000	-	500,000	49,293,909	-	6%	3.97%
T-Bill	2-Dec-10	3	100	-	500,000	-	-	500,000	49,034,955	-	6%	3.95%
T-Bill	2-Dec-10	3	100	-	1,000,000	650,000	-	350,000	34,324,469	-	4%	2.77%
T-Bill	4-Nov-10	3	100	-	750,000	-	-	750,000	74,315,523	-	9%	5.99%
T-Bill	15-Jul-10	3	100	-	1,750,000	1,000,000	-	750,000	74,684,728	-	9%	6.02%
T-Bill	4-Nov-10	3	100	-	1,500,000	-	-	1,500,000	148,631,060	-	19%	11.98%
T-Bill	21-Oct-10	3	100	-	300,000	-	-	300,000	29,873,891	-	4%	2.41%
T-Bill	21-Oct-10	3	100	-	200,000	-	-	200,000	19,915,928	-	2%	1.6%
T-Bill	4-Nov-10	3	100	-	2,000,000	-	-	2,000,000	198,174,746	-	26%	15.96%
<b>Total</b>									<u>799,629,632</u>	<u>514,727,940</u>	<u>100%</u>	<u>64.43%</u>



## 6.2 Certificate of investment

Certificate of Investment (COI)	As at July 01, 2010 (Rupees)	Purchased during the period (Rupees)	Yield	Issue Date	Maturity Date	Maturity Amount	Fair Value as at December 31, 2010 (Rupees)	Fair Value as at June 30, 2010 (Rupees)	Percentage of total investments on the basis of carrying value
Saudi Pak Industrial & Agricultural Investment Company Limited	100,000,000	-	12.26%	22-Feb-10	6-Aug-10	100,000,000	-	100,000,000	-
Saudi Pak Industrial & Agricultural Investment Company Limited	-	75,000,000	12.80%	16-Aug-10	16-Nov-10	75,000,000	-	-	-
Pak Oman Investment Company Limited	-	75,000,000	12.70%	6-Aug-10	8-Nov-10	75,000,000	-	-	-
<b>Total</b>							<u>-</u>	<u>100,000,000</u>	<u>-</u>

**6.3** Cost of investments amount to Rs. 799,786,821 (30 June 2010: Rs. 615,098,086)

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

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

**December 31, 2010**  
**(Rupees)**  
**(Un-Audited)**

**June 30, 2010**  
**(Rupees)**  
**(Audited)**

## 7. MARK-UP / INTEREST RECEIVABLE

### On

- Bank deposit accounts	<b>2,675,945</b>	13,018
- Term deposit accounts	<b>3,591,781</b>	32,535

### Investment

-Certificate of Investment	-	4,332,986
	<u><b>6,267,726</b></u>	<u><b>4,378,539</b></u>

## 8. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	<b>234,891</b>	250,000
Brokerage payable	<b>39,178</b>	24,302
Sales load payable	<b>8,909</b>	78,475
Preliminary expenses and floatation costs payable	<b>2,639,489</b>	3,022,000
CDC listing fee	<b>102,359</b>	67,500
MCBFSL participation fee	-	50,000
Printing and stationery cost payable	<b>42,767</b>	34,395
Rating fee	<b>175,000</b>	175,000
Others	<b>58,433</b>	35,000
	<u><b>3,301,026</b></u>	<u><b>3,736,672</b></u>

## 9. 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 to 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) 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. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Court on the subject of WWF applicability to the mutual funds. As per the legal counsel handling the case, there is a contradiction between the earlier clarification issued by the Ministry on the matter and the response filed by the Ministry in the Court recently.

The Management Company believes that there is no need to make provision on account of WWF contribution in the financial statements amounting to Rs. 2.39 million. 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.

	Half-year ended December 31, 2010	Period from August 7, 2009 to December 31, 2009	Quarter ended	
			December 31, 2010	December 31, 2009
<b>10. MARK-UP / INTEREST INCOME</b>				
On:			-----Rupees-----	
			----- (Unaudited) -----	
- Bank balance	16,026,017	6,925,261	7,610,863	6,052,332
- Term deposit accounts	4,860,616	2,143,154	3,591,781	2,143,154
- Investments				
Certification of Investment / letter of placement	7,687,082	-	3,832,739	-
Government securities	43,299,470	1,274,810	21,825,044	1,274,810
	<u>71,873,185</u>	<u>10,343,225</u>	<u>36,860,427</u>	<u>9,470,296</u>

## 11. 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.

## 12. TAXATION

Based on the expectation of distribution of 90% or more income to the unit holders excluding unrealised / realised gains on investments to enable the Fund to claim exemption allowed by clause 99 of the part I of the second schedule to the Income Tax Ordinance, 2001, no provision for tax has been made in these condensed interim financial statements.

	December 31, 2010 (Rupees) (Un-Audited)	December 31, 2009 (Rupees) (Un-Audited)
<b>13. CASH AND CASH EQUIVALENTS</b>		
Current accounts	40,340	71,498
PLS savings account	118,309,725	197,311,608
Term deposit accounts – 3 months maturity	320,000,000	477,173,116
	<u>438,350,065</u>	<u>674,556,222</u>

#### 14. TRANSACTIONS WITH CONNECTED PERSON

Related parties / Connected persons include BMA Asset Management Company Limited (the Management Company), BMA Chundrigar Road Savings Fund, BMA Financial Services Limited, BMA Capital Management Limited (the holding company of the Management Company), BMA Capital Management Limited Staff Provident Fund and MCB Financial Services Limited (the Trustee). Transactions with connected persons can be summarised as follows:

	Half-year ended December 31, 2010	Period from August 7, 2009 to December 31, 2009	Half-year ended December 31, 2010	Period from August 7, 2009 to December 31, 2009
	-----Units-----		-----Rupees-----	
	------(Unaudited)-----			
<b>Transaction with connected person / related parties</b>				
<b>BMA Asset Management Company Limited (the Management Company)</b>				
- Issue of units	3,717,334	12,096,553	17,270,607	121,856,654
- Redemption of units	3,123,083	-	32,155,699	-
<b>BMA Capital Management Limited (the holding company of the Management Company)</b>				
- Issue of units	13,145,549	1,155,916	136,251,773	11,655,449
- Redemption of units	8,553,221	-	88,190,059	-
<b>BMA Capital Management Limited Staff Provident Fund</b>				
- Redemptions of units (Nil)	-	1,487,800	-	15,000,000
<b>Unit holders with holding of 10% and above</b>				
<b>HSBC Fund Services</b>				
- Issue of units	16,636,617	7,442,175	174,646,898	75,000,007
-Units redeemed	9,973,565	-	103,077,285	-
<b>Directors and executives of the Company</b>				
- Issue of units	377,581	88,352	3,923,170	891,501
-Units redeemed	249,975	-	2,600,000	-
	Half-year ended December 31, 2010	Period from August 7, 2009 to December 31, 2009	Quarter ended	
			December 31, 2010	December 31, 2009
			-----Rupees-----	
			------(Unaudited)-----	
<b>BMA Asset Management Company Limited (the Management Company)</b>				
- Remuneration to the Management Company	8,763,556	834,382	4,435,959	834,382
<b>MCB Financial Services Limited-the Trustee</b>				
- Trustee fee	798,158	126,060	400,420	126,060
	December 31, 2010	June 30, 2010	December 31, 2010	June 30, 2010
	-----Units-----		-----Rupees-----	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
<b>Balances with connected persons / related parties</b>				
<b>Units Held by:</b>				
- Directors and executives of the management company (units)	324,555	196,949	3,432,982	2,096,861
- BMA Asset Management Company Limited (units)	7,033,052	13,012,733	74,392,109	138,542,661
- BMA Capital Management Limited (units)	13,606,983	2,440,725	143,927,866	25,985,669
<b>Unit holders with holding of 10% and above</b>				
HSBC Fund Services	16,074,552	9,411,499	170,028,568	100,201,406

	December 31, 2010	June 30, 2010
	-----Rupees-----	
	(Un-Audited)	(Audited)
<b>Other balances</b>		
<b>BMA Asset Management Company Limited</b>		
- Remuneration payable to management company	<u>1,635,760</u>	<u>1,250,544</u>
- Preliminary expenses and floatation costs due to Management Company	<u>2,639,489</u>	<u>3,022,000</u>
<b>- Sales Load Payable</b>	<u>8,909</u>	<u>78,475</u>
<b>MCB Financial Services Limited-the Trustee</b>		
- Remuneration payable to Trustee	<u>142,446</u>	<u>125,503</u>

**15. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 03<sup>rd</sup> February 2011. \_\_\_\_\_.

**16. GENERAL**

**16.1** Figures for the quarter ended December 31, 2010 and the corresponding figures for the quarter ended December 31, 2009 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

**16.2** Figures have been rounded off to the nearest rupee.

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

\_\_\_\_\_  
**Muddassar Malik**  
Chief Executive Officer

\_\_\_\_\_  
**Tashfin I Huq**  
Director