

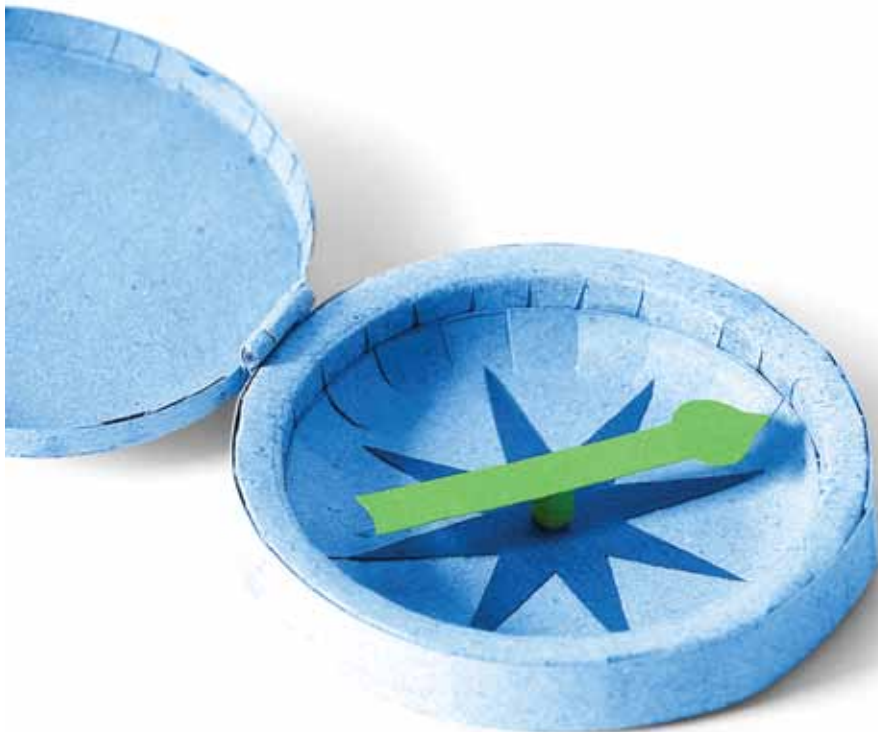
QUARTERLY REPORT

March 31, 2011

UP COMING



MCB ISLAMIC INCOME FUND



MCB
Dynamic
CASH FUND

MCB
Dynamic
STOCK FUND

MCB
Dynamic
ALLOCATION FUND

MCB
Cash Management
OPTIMIZER

MCB
Sarmaya
mehefooz fund 1

SHAPING INVESTMENTS



CONTENTS

MCB Dynamic Cash Fund

1.	Organization	03
2.	Directors' Report	04
3.	Interim Condensed Statement of Assets and Liabilities	05
4.	Interim Condensed Income Statement	06
5.	Interim Condensed Distribution Statement	07
6.	Interim Condensed Statement of Movement in Unit Holders' Fund	08
7.	Interim Condensed Cash Flow Statement	09
8.	Notes to the Interim Condensed Financial Statements	10

MCB Dynamic Stock Fund

1.	Organization	18
2.	Directors' Report	19
3.	Interim Condensed Statement of Assets and Liabilities	20
4.	Interim Condensed Income Statement	21
5.	Interim Condensed Distribution Statement	22
6.	Interim Condensed Statement of Movement in Unit Holders' Fund	23
7.	Interim Condensed Cash Flow Statement	24
8.	Notes to the Interim Condensed Financial Statements	25

MCB Dynamic Allocation Fund

1.	Organization	32
2.	Directors' Report	33
3.	Interim Condensed Statement of Assets and Liabilities	34
4.	Interim Condensed Income Statement	35
5.	Interim Condensed Distribution Statement	36
6.	Interim Condensed Statement of Movement in Unit Holders' Fund	37
7.	Interim Condensed Cash Flow Statement	38
8.	Notes to the Interim Condensed Financial Statements	39

MCB Cash Management Optimizer

1.	Organization	45
2.	Directors' Report	46
3.	Interim Condensed Statement of Assets and Liabilities	47
4.	Interim Condensed Income Statement	48
5.	Interim Condensed Distribution Statement	49
6.	Interim Condensed Statement of Movement in Unit Holders' Fund	50
7.	Interim Condensed Cash Flow Statement	51
8.	Notes to the Interim Condensed Financial Statements	52

MCB Sarmaya Mehfooz Fund 1

1.	Organization	57
2.	Directors' Report	58
3.	Interim Condensed Statement of Assets and Liabilities	59
4.	Interim Condensed Income Statement	60
5.	Interim Condensed Distribution Statement	61
6.	Interim Condensed Statement of Movement in Unit Holders' Fund	62
7.	Interim Condensed Cash Flow Statement	63
8.	Notes to the Interim Condensed Financial Statements	64

MICB DYNAMIC CASH FUND

MCB Dynamic CASH Fund

MCB
Dynamic
CASH FUND

ORGANIZATION

Management Company	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908
Board of Directors	Mian Mohammad Mansha / Chairman Ali Munir Mohammad Usman Ali Usmani S. Waliullah Shah Ahmed Jahangir Haroun Rashid Samir Iqbal Saigol Ismail Arif Rafi Yasir Qadri / Chief Executive Officer
Audit Committee	Ali Munir / Chairman S. Waliullah Shah / Member Ahmed Jahangir / Member
Chief Financial Officer & Company Secretary	Muhammad Saqib Saleem
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shara-e-Faisal Karachi-74400
Auditors	A. F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C, 11 Chundrigar Road, Karachi. 74000
Legal Adviser	Bawany & Partners, Room No. 404, 4th Floor, Beaumont Plaza Beaumont Road, Civil Lines, Karachi.
Bankers	MCB Bank Limited Bank Al Habib Limited NIB Bank Limited Bank Alfalah Limited Habib Metropolitan Bank Limited Faysal Bank Limited Allied Bank Limited
Transfer Agent	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908 E info@mcbamc.com.pk W www.mcbamc.com.pk

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Cash Fund's accounts review for the period of Nine Months ended March 31st 2011.

MARKET OVERVIEW

During the period under review, short term market rates remained at comfortable levels amid better liquidity scenario in the money market with few exceptions especially towards the latter part of the period under review. 1-month KIBOR went up by 48 bps to 12.7% as compared to 12.2% during the comparable period last year owing to a higher level of policy discount rate. Although deteriorating macroeconomic fundamentals caused the SBP to tighten its monetary stance by increasing policy DR to 14.0% during the earlier part of the period, gradual reduction in Government borrowing from SBP, contained fiscal deficit during 2Q FY11, controlled monetary expansion, lower inflation and comfortable external account during the latter part compelled them to adopt a wait n see approach.

Due to an overall decent liquidity position within the system, corporate debt (TFC) market has also seen some decent activities especially within the banking sector during the period while government papers remained preferred instruments due to their attractive risk-return profile.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 12.6% as against its benchmark return of 12.7%, a marginal underperformance of 0.1%. Although, the fund remained significantly invested in government papers almost throughout the period owing to their attractive risk-return profile, the fund was able to capitalize on attractive TDR and bank deposit opportunities around quarter-end periods. The fund has reduced its exposure towards TFCs on a Year on Year basis with a continued focus on the asset quality of the portfolio.

FUTURE OUTLOOK

We believe that the uprising in the MENA region as well as damages to the Japanese economy amid earthquake & Tsunami has shaken the global economy once again and its resultant impact on commodities prices – especially oil pose a key risk to the country's macroeconomic outlook. Although the government has been able to contain its borrowing from SBP to lower levels, their ability to do so going forward will be largely dependent on the realization of pledged foreign inflows. We believe that the realization of committed foreign flows as well as government's fiscal side reforms are key variables for dictating liquidity and interest rates direction going forward.

In a fast changing interest rate environment, the fund would continue to maintain its focus on the credit quality of the portfolio while exploiting attractive opportunities in the market.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

Yasir Qadri
Chief Executive Officer

April 27, 2011

	Note	Unaudited March 31, 2011 (Rupees in '000)	Audited June 30, 2010 (Rupees in '000)
ASSETS			
Balances with banks		38,572	328,095
Investments	4	4,018,405	5,659,187
Dividend and other receivables	5	50,472	73,743
Receivable against sale of investments		-	174,249
Security deposits and prepayments		4,110	3,834
Preliminary expenses and floatation costs		2,100	3,828
Total assets		4,113,659	6,242,936
LIABILITIES			
Payable to MCB Asset Management Company Limited - Management Company		5,452	7,030
Payable to the Central Depository Company of Pakistan Limited - Trustee		381	551
Annual fee payable to the Securities and Exchange Commission of Pakistan		3,088	6,229
Payable against redemption of units		-	15,348
Payable against purchase of investments		-	205,583
Accrued expenses and other liabilities	6	46,661	37,886
Total liabilities		55,582	272,627
NET ASSETS		4,058,077	5,970,309
Unit holders' fund (as per statement attached)		4,058,077	5,970,309
CONTINGENCIES AND COMMITMENTS			
	7	(Number of units)	
NUMBER OF UNITS IN ISSUE		38,804,842	57,729,092
		(Rupees)	
NET ASSET VALUE PER UNIT	3.1	104.58	103.42

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

MCB DYNAMIC CASH FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Note	Nine months ended March 31		Quarter ended March 31	
		2011	2010	2011	2010
(Rupees in '000)					
INCOME					
Capital gain on sale of investments		82,690	79,293	5,671	28,032
Profit on bank deposits and term deposit receipts		55,240	167,564	31,596	30,211
Income from money market placements		2,631	105,394	134	12,041
Income from term finance certificates		202,262	322,525	60,717	106,033
Income from government securities		189,937	169,444	49,899	24,000
		<u>532,760</u>	<u>844,220</u>	<u>148,017</u>	<u>200,317</u>
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	4.1.4	(34,456)	(17,525)	(6,643)	(13,451)
Total income		<u>498,304</u>	<u>826,695</u>	<u>141,374</u>	<u>186,866</u>
EXPENSES					
Remuneration of MCB Asset Management Company Limited - Management Company		61,756	102,427	17,379	22,208
Remuneration of Central Depository Company of Pakistan Limited - Trustee		4,656	7,580	1,193	1,728
Annual fee - Securities and Exchange Commission of Pakistan		3,088	5,121	869	1,110
Financial charges		-	281	-	-
Brokerage and settlement charges		1,613	1,259	512	212
Amortisation of preliminary expenses and floatation costs		1,728	1,728	568	568
Auditors' remuneration		761	701	264	289
(Reversal) / Provision against debt securities		(71,425)	(24,176)	(16,677)	(1,121)
Other expenses		840	1,017	340	232
Total expenses		<u>3,017</u>	<u>95,938</u>	<u>4,448</u>	<u>25,226</u>
Net income from operating activities		<u>495,287</u>	<u>730,757</u>	<u>136,926</u>	<u>161,640</u>
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed		(48,293)	(153,951)	(25,686)	(16,771)
Provision for Workers' Welfare Fund		(8,940)	-	(2,225)	-
Net income for the period before taxation		<u>438,054</u>	<u>576,806</u>	<u>109,015</u>	<u>144,869</u>
Taxation	8	-	-	-	-
Net income for the period after taxation		<u>438,054</u>	<u>576,806</u>	<u>109,015</u>	<u>144,869</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>438,054</u>	<u>576,806</u>	<u>109,015</u>	<u>144,869</u>
Earnings per unit	3.2				

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

MCB DYNAMIC CASH FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Nine months ended March 31		Quarter ended March 31	
	2011	2010	2011	2010
	-(Rupees in '000)-			
Undistributed income brought forward				
- Realised income	386,170	504,099	398,867	399,184
- Unrealised loss	(188,774)	(212,367)	(178,496)	(206,025)
	<u>197,396</u>	<u>291,732</u>	<u>220,371</u>	<u>193,159</u>
Final distribution for the year ended June 30, 2009 at Rs 3.1726 per unit (Date of distribution July 02, 2009)				
- Cash distribution	-	(97,116)	-	-
- Bonus distribution	-	(194,616)	-	-
Interim distribution for the half year ended December 31, 2009 at Rs 2 per unit (Date of distribution October 09, 2009)				
- Cash distribution	-	(58,242)	-	-
- Bonus distribution	-	(180,536)	-	-
Final distribution for the year ended June 30, 2010 at Rs 2.4194 per unit (Date of distribution July 01, 2010)				
- Cash distribution	(26,850)	-	-	-
- Bonus distribution	(112,820)	-	-	-
Interim distribution for the nine months ended March 31, 2011 at Rs 2.7051 per unit (Date of distribution October 18, 2010)				
- Cash distribution	(18,293)	-	-	-
- Bonus distribution	(139,560)	-	-	-
at Rs 3 per unit (Date of distribution January 27, 2011)				
- Cash distribution	(17,555)	(38,902)	(17,555)	(38,902)
- Bonus distribution	(123,855)	(98,936)	(123,855)	(98,936)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealised income	(18,924)	-	(10,383)	-
Net income for the period after taxation	438,054	576,806	109,015	144,869
Undistributed income carried forward	<u>177,593</u>	<u>200,190</u>	<u>177,593</u>	<u>200,190</u>
Undistributed income comprising of :				
- Realised income	344,804	400,296	344,804	400,296
- Unrealised loss	(167,211)	(200,106)	(167,211)	(200,106)
	<u>177,593</u>	<u>200,190</u>	<u>177,593</u>	<u>200,190</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

MCB DYNAMIC CASH FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Nine months ended March 31		Quarter ended March 31	
	2011	2010	2011	2010
	(Rupees in '000)			
Net assets at beginning of the period	5,970,309	9,487,169	5,139,150	5,785,123
Issue of 29,238,821 units (2010: 89,584,545 units) and 3,693,460 units (2010: 16,725,236 units) for the nine months and quarter respectively	2,995,630	9,126,348	381,688	1,719,812
Issue of 1,117,032 bonus units in respect of final distribution for the year ended June 30, 2010 (2009: 1,946,176 bonus units)	112,820	194,616	-	-
Issue of 2,594,430 bonus units in respect of interim distribution for the nine months ended March 31, 2011 (2010: 2,762,045 bonus units)	263,415	279,472	123,855	98,936
Redemption of 51,874,533 units (2010: 132,379,481 units) and 15,295,848 units (2010: 19,751,281 units) for the nine months and quarter respectively	(5,331,511)	(13,563,059)	(1,579,907)	(2,040,718)
	(1,959,646)	(3,962,623)	(1,074,364)	(221,970)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	48,293	153,951	25,686	16,771
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	18,924	-	10,383	-
	67,217	153,951	36,069	16,771
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	(18,924)	-	(10,383)	-
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(34,456)	(17,525)	(6,643)	(13,451)
Income from other operating activities	472,510	594,331	115,658	158,320
Net income for the period	438,054	576,806	109,015	144,869
Final distribution for the year ended June 30, 2010 at Rs 2.4194 (2009: 3.1726) per unit				
- Cash distribution	(26,850)	(97,116)	-	-
- Bonus distribution	(112,820)	(194,616)	-	-
Interim distribution for the nine months ended March 31, 2011 at Rs 2.7051 (2009: Rs 2.00) per unit (Date of distribution October 18, 2010)				
- Cash distribution	(18,293)	(58,242)	-	-
- Bonus distribution	(139,560)	(180,536)	-	-
Rs 3.00 (2010: Rs 2.50) per unit (Date of distribution January 27, 2011)				
- Cash distribution	(17,555)	(38,902)	(17,555)	(38,902)
- Bonus distribution	(123,855)	(98,936)	(123,855)	(98,936)
Net assets as at the end of the period	4,058,077	5,586,955	4,058,077	5,586,955

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

MCB DYNAMIC CASH FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Note	Nine months ended March 31		Quarter ended March 31	
		2011	2010	2011	2010
------(Rupees in '000)-----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income before taxation		438,054	576,806	109,015	144,869
Adjustments					
Profit on bank deposit and term deposit receipts		(55,240)	(167,564)	(31,596)	(30,211)
Net unrealised (diminution) in the fair value of investments classified as 'financial assets at fair value through profit or loss'		34,456	17,525	6,643	13,451
Amortisation of preliminary expenses and floatation costs		1,728	1,728	568	568
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		48,293	153,951	25,686	16,771
		<u>467,291</u>	<u>582,446</u>	<u>110,316</u>	<u>145,448</u>
Working capital changes					
(Increase)/decrease in assets					
Investments - net		1,799,905	844,054	(261,330)	822,115
Security deposits and prepayments		(276)	(202)	(1,388)	(162)
Dividend and other receivables		22,794	180,867	41,167	45,981
		<u>1,822,423</u>	<u>1,024,719</u>	<u>(221,551)</u>	<u>867,934</u>
Increase/(decrease) in liabilities					
Payable to MCB Asset Management Company Limited - Management Company		(1,578)	11	(1,457)	(2,843)
Payable to the Central Depository Company of Pakistan Limited - Trustee		(170)	(258)	(165)	(189)
Annual fee payable to the Securities and Exchange Commission of Pakistan		(3,141)	(4,871)	869	1,110
Accrued expenses and other liabilities		8,775	(14,200)	2,564	(14,256)
		<u>3,886</u>	<u>(19,318)</u>	<u>1,811</u>	<u>(16,178)</u>
Profit received on bank deposit and term deposits		55,717	238,936	34,790	39,092
		<u>2,349,317</u>	<u>1,826,783</u>	<u>(74,634)</u>	<u>1,036,296</u>
Net cash inflow from operating activities					
CASH FLOWS FROM FINANCING ACTIVITIES					
Net receipt against issue of units		2,995,630	9,126,348	381,688	1,719,812
Net payments on redemption of units		(5,346,859)	(13,565,943)	(1,581,382)	(2,061,064)
Cash distributions during the period		(62,698)	(194,260)	(17,555)	(38,902)
		<u>(2,413,927)</u>	<u>(4,633,855)</u>	<u>(1,217,249)</u>	<u>(380,154)</u>
Net (decrease) / increase in cash and cash equivalents during the period		(64,610)	(2,807,072)	(1,291,883)	656,142
Cash and cash equivalents at beginning of the period	10	1,450,900	4,554,643	2,678,173	1,091,429
Cash and cash equivalents as at March 31, 2011	10	<u>1,386,290</u>	<u>1,747,571</u>	<u>1,386,290</u>	<u>1,747,571</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Dynamic Cash Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and was approved as an investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on December 12, 2006. It was constituted under a Trust Deed dated November 9, 2006, amended by a Supplemental Trust Deed dated January 21, 2007 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984. The registered office of the Management Company is situated at the 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC rules through certificate of registration issued by the SECP. MCB Bank Ltd and Arif Habib Corporation Ltd the sponsors of MCB Asset Management Co. Ltd and Arif Habib Investments Ltd respectively, have signed share holder agreement on January 20, 2011 for merging both asset management companies. Subsequent to period end SECP, through their letter no. SCD/NBFC-II/MCBAMCL & AHIL/169/2011 dated April 13, 2011 have granted NOC for amalgamation of MCB Asset Management Company Limited with and into Arif Habib Investments Limited subject to all regulatory compliances and legal approvals. Arif Habib Investments Limited will technically be the surviving entity as a result of the merger and will be renamed. Accordingly the management of MCB Dynamic Cash Fund will be assumed by the surviving entity.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange. The fund is categorized as an Open-End Income Scheme as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS). However, decision of SECP regarding categorisation of CIS is still pending.

The Fund invests primarily in money market and other short-term instruments which includes short-term corporate debt and government securities, repurchase agreements, spread transactions and transactions under continuous funding system. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to unit holders.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of "AM2-" with Positive Outlook to the Management Company and a stability rating of "A+(f)" to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (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 these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited.

2.3 The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2010.

3.1 Net Asset Value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

3.2 Earnings per unit

Earnings per unit has not been disclosed as in the opinion of the management, determination of cumulative weighted average number of outstanding units for calculating earning per unit is not practicable.

	Note	Unaudited March 31, 2011	Audited June 30, 2010
Rupees in '000			
4 INVESTMENTS			
Financial assets at fair value through profit or loss	4.1	3,893,405	4,829,187
Loans and receivables	4.2	125,000	830,000
		<u>4,018,405</u>	<u>5,659,187</u>
4.1 Financial assets at fair value through profit or loss			
Listed debt securities	4.1.1	931,516	1,333,526
Unlisted debt securities	4.1.2	545,711	1,003,581
Government securities	0	2,473,395	2,620,722
		3,950,622	4,957,829
Less: Provision against term finance certificates			
- Listed		-	-
- Unlisted	4.1.5	57,217	128,642
		<u>57,217</u>	<u>128,642</u>
		<u>3,893,405</u>	<u>4,829,187</u>
4.2 Loans and receivables	4.1.3	<u>125,000</u>	<u>830,000</u>

4.1.1 Listed debt securities - term finance certificates

Certificates have a face value of Rs. 5,000/- each unless stated otherwise.

Name of investee company	Number of Certificates				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment	
	As at July 1, 2010	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2011	Carrying value	Market value			Appreciation / (diminution)
Rupees in '000										
Commercial banks										
Allied Bank Limited (December 6, 2006, issue)	13,300	-	-	1,000	12,300	58,375	60,829	2,454	1.50	1.51
Askari Bank Limited (February 4, 2005, issue)	5,900	-	-	-	5,900	28,978	29,215	237	0.72	0.73
Askari Bank Limited (November 18, 2009, issue)	42,000	7,000	-	16,000	33,000	163,358	169,882	6,524	4.19	4.23
Bank Alfalah Limited (November 23, 2004, issue)	-	14,079	-	-	14,079	69,785	69,629	(156)	1.72	1.73
Faysal Bank Limited	7,515	-	-	-	7,515	36,171	36,748	577	0.91	0.91
NIB Bank Limited	60,397	17,999	-	40,220	38,176	182,539	183,669	1,130	4.53	4.57
Royal Bank of Scotland	300	-	-	-	300	740	745	5	0.02	0.02
Soneri Bank Limited	4,000	-	-	-	4,000	19,200	19,605	405	0.48	0.49
Standard Chartered Bank (Pakistan) Limited	-	10,000	-	-	10,000	45,039	45,540	501	1.12	1.13
United Bank Limited (February 14, 2008, issue)	34,900	50,161	-	41,100	43,961	206,178	216,610	10,432	5.34	5.39
United Bank Limited (September 8, 2006, issue)	15,000	-	-	-	15,000	73,859	75,073	1,214	1.85	1.87
Fertilizer										
Engro Chemical Pakistan Limited (November 30, 2007, issue)	162	-	-	-	162	793	794	1	0.02	0.02
Engro Chemical Pakistan Limited (December 17, 2009, issue)	40,000	-	-	40,000	-	-	-	-	-	-
Leasing Companies										
Saudi Pak Leasing Company Limited	10,000	-	-	-	10,000	25,759	23,177	(2,582)	0.57	0.58
Technology & Communication										
World Call Telecom Limited	41,000	-	-	41,000	-	-	-	-	-	-
Investment Bank										
Jahangir Siddiqui and Company Limited (September 30, 2005, issue)	8,000	-	8,000	-	-	-	-	-	-	-
Total - March 31, 2011						<u>910,774</u>	<u>931,516</u>	<u>20,742</u>	<u>22.97</u>	<u>23.18</u>
Total - June 30, 2010						<u>1,320,621</u>	<u>1,333,526</u>	<u>12,905</u>	<u>22.34</u>	<u>23.56</u>

4.1.2 Unlisted debt securities - term finance certificates

Certificates have a face value of Rs. 5,000/- each unless stated otherwise.

Name of investee company	Number of Certificates				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment	
	As at July 1, 2010	Purchased during the period	Matured during the period	Disposed during the period	As at March 31, 2011	Carrying value	Market value			Appreciation / (diminution)
Rupees in '000										
Bank AlHabib Limited TFC	4,900	-	-	4,900	-	-	-	-	-	
Bank AlFalah Limited TFC (June 15, 2009, issue)	40,000	4,000	-	32,500	11,500	55,501	58,282	2,781	1.44	
Engro Chemical Pakistan Limited - Perpetual	51,679	-	-	49,260	2,419	10,793	11,248	455	0.28	
Engro Chemical Pakistan Limited - Sukuk	1,400	-	-	1,400	-	-	-	-	-	
Jahangir Siddiqui Company Limited	24,000	-	-	-	24,000	116,969	118,153	1,184	2.91	
JDW Sugar Mills Limited	15,000	-	-	-	15,000	49,056	45,237	(3,819)	1.11	
KASHF Foundation TFC	14,000	-	14,000	-	-	-	-	-	-	
Maple Leaf Cement Factory Limited I	71,000	-	-	-	71,000	265,911	216,556	(49,355)	5.34	
Maple Leaf Cement Factory Limited II	2,862	-	-	-	2,862	13,310	9,292	(4,018)	0.23	
New Allied Electronics Industries (Pvt) Limited	10,400	-	-	-	10,400	22,332	21,983	(349)	0.54	
New Allied Electronics Industries (Pvt.) Limited - Sukuk	112,000	-	-	-	112,000	35,234	35,234	-	0.87	
Askari Bank Limited	-	3,000	-	-	3,000	14,858	14,714	(144)	0.36	
Security Leasing Corporation Limited Sukuk	5,000	-	-	-	5,000	8,057	6,796	(1,261)	0.17	
Security Leasing Corporation Limited PPTFC	10,000	-	-	-	10,000	9,668	8,216	(1,452)	0.20	
Total - March 31, 2011						601,689	545,711	(55,978)	13.45	13.59
Total - June 30, 2010						1,046,943	1,003,581	(43,362)	16.80	17.72

4.1.2.1 Security Leasing Corporation Limited due to business and financial condition of the the company requested the privately placed Term Finance Certificate and sukuk bonds holders for waiver of markup after March 2011 and waiver of accrued markup (which had been accruing under the restructuring arrangement @ 3%). The Management company using MUFAP's model for valuation has adjusted the cash flows according to the new structure and recalculated the price of both Sukuk and PPTFC.

4.1.3 Investment in government securities - 'At fair value through profit or loss'

Name of investee company	Face Value				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment	
	As at July 1, 2010	Purchased during the period	Disposed during the period	Matured during the period	As at March 31, 2011	Carrying value	Market value			Appreciation / (diminution)
Rupees in '000										
Treasury Bills - 1 year	644,000	2,435,000	1,950,000	1,129,000	-	-	-	-	-	
Treasury Bills - 6 months	1,650,000	2,753,000	3,250,000	776,000	375,000	352,886	352,228	(658)	8.68	
Treasury Bills - 3 months	295,000	15,140,000	13,163,800	1,031,000	1,249,200	1,221,621	1,222,718	1,097	30.13	
National Saving Bonds	99,900	-	-	-	99,900	99,900	99,900	-	2.46	
Pakistan Investment Bonds - 10 years	-	515,500	150,000	303,500	62,000	60,682	60,859	177	1.50	
Pakistan Investment Bonds - 05 years	-	213,000	200,000	-	13,000	12,848	12,923	75	0.32	
Pakistan Investment Bonds - 03 years	-	300,000	275,000	-	25,000	24,678	24,767	89	0.61	
GoP-Iara Sukuk Certificate VII - 03 years	-	700,000	-	-	700,000	700,000	700,000	-	17.25	
Total - March 31, 2011	2,688,900	22,056,500	18,988,800	3,241,500	2,515,100	2,472,615	2,473,395	780	60.95	61.58
Total - June 30, 2010	1,115,000	16,862,000	13,263,100	2,025,000	2,688,900	2,623,569	2,620,722	(2,847)	37.37	39.42

4.1.4 Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss'

	Note	Unaudited March 31, 2011	Audited June 30, 2010
Market Value of investment	4.1.1, 4.1.2, 4.1.3	3,950,622	4,957,829
Carrying Value of investment	4.1.1, 4.1.2, 4.1.3	3,985,078	4,991,133
		(34,456)	(33,304)

4.1.5 Movement in provision against debt securities

Opening balance		128,642	150,393
Charge for the year		17,547	15,219
Less: Reversal of provision		88,972	36,970
Charge for the year - net		(71,425)	21,751
Closing balance		57,217	128,642

- 4.1.5.1 During the period, privately placed sukuk bonds and second issue of Maple Leaf Cement Factory Limited and Term Finance Certificate of Saudi Pak Leasing Company Limited have been classified as performing debt securities in accordance with circular no. 768 of 2010 issued by the Securities and Exchange Commission of Pakistan and accordingly provisions amounting to Rs 55.194 million, Rs 13.310 million and 16.677 million respectively have been reversed during the period.

4.2 Loans and receivables

Particulars	Profit / mark-up rate	Maturity date	Closing balance as at March 31, 2011	Value as a percentage of net assets	Value as a percentage of investment
Rs in '000					
Term deposit receipts	13.50%	June 28, 2011	125,000	3.08	3.11
Total - March 31, 2011			125,000	3.08	3.11
Total - June 30, 2010			830,000	13.90	14.67

Unaudited **Audited**
March 31, **June 30,**
2011 **2010**
(Rupees in '000)

5 DIVIDEND AND OTHER RECEIVABLES

Profit on term deposits	139	2,054
Profit on savings deposits	2,293	855
Income accrued on term finance certificates	43,788	65,044
Profit receivable on government securities	3,778	5,234
Others	474	556
	<u>50,472</u>	<u>73,743</u>

6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	331	450
Withholding tax payable	607	-
Sales load payable	1,865	3,013
Provision for Workers' Welfare Fund	42,910	33,970
Others	948	453
	<u>46,661</u>	<u>37,886</u>

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2011.

8 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund intends to distribute such accounting income, if any, for the year ending June 30, 2011 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

9 COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. MCB Asset Management Company Limited (Management Company) classified MCB Dynamic Cash Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at March 31, 2011, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than investment grade.

Category of non-compliant investment	Type of Investment / Name of Company	Outstanding face value	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
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Investment in Debt securities (9.2)

a) Maple Leaf Cement Factory Limited I	354,624	216,556	-	216,556	5.34	5.26
b) Maple Leaf Cement Factory Limited II	13,310	9,292	-	9,292	0.23	0.23
c) New Allied Electronics Industries (Pvt) Limited	21,983	21,983	21,983	-	-	-
d) New Allied Electronics Industries Pvt. Limited - Sukuk	35,234	35,234	35,234	-	-	-
e) Security Leasing Corporation Limited Sukuk Certificates	11,719	6,796	-	6,796	0.17	0.17
f) Security Leasing Corporation Limited TFC	14,063	8,216	-	8,216	0.20	0.20
g) Saudi Pak Leasing Company Limited	35,962	23,177	-	23,177	0.57	0.56

- 9.1 At the time of purchase, the TFCs and Sukuks were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade.

MCB DYNAMIC CASH FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Unaudited March 31, 2011	Audited June 30, 2010
	(Rupees in '000)	
10 CASH AND CASH EQUIVALENTS		
Bank balances	38,572	328,095
Term deposit receipts	125,000	830,000
Treasury Bills	1,222,718	292,805
	<u>1,386,290</u>	<u>1,450,900</u>

11 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 / 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 (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, 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 has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 42,910 million in these condensed interim financial statements.

12 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

12.1 Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustee, Directors and key management personnel and other associated undertakings.

12.2 The transactions with connected persons are in the normal course of business and at contracted rates.

12.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

14

12.4 Details of transactions with connected persons are as follows:

	Unaudited			
	Nine month ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees '000)			
MCB Bank Limited				
Profit received on deposit accounts	2,457	3,320	380	600
Redemption of 3,412,052 units (2010: Nil units) and Nil units (2010: Nil units) for the nine months and quarter respectively	346,553	-	-	-
Distribution of 79,822 Bonus units (2010: 234,823 units) and Nil units (2010: 77,842 units) for the nine months and quarter respectively	8,062	23,665	-	7,913
Bank charges	13	37	2	2
MCB Asset Management Company Limited				
Remuneration of management company	61,756	102,427	17,379	22,208
Issue of Nil units (2010: 2,000,926 units) and Nil units (2010: 404,913 units) for the nine months and quarter respectively	-	204,754	-	41,662
Redemption of Nil units (2010: 2,843,163 units) and Nil units (2010: 272,421 units) for the nine months and quarter respectively	-	290,540	-	28,000
Distribution of 208,609 Bonus units (2010: 235,832 units) and 78,711 units (2010: 68,964 units) for the nine months and quarter respectively	21,149	23,745	7,995	7,004
MCB Employees Provident Fund				
Distribution of 54,845 Bonus units (2010: 46,965 units) and 20,694 units (2010: 15,581 units) for the nine months and quarter respectively	5,560	4,733	2,102	1,583
MCB Employees Pension Fund				
Distribution of 54,845 Bonus units (2010: 46,965 units) and 20,694 units (2010: 15,581 units) for the nine months and quarter respectively	5,560	4,733	2,102	1,583
MCB Employees Foundation				
Distribution of Nil Bonus units (2010: 14,548 units) and Nil units (2010: 4,689 units) for the nine months and quarter respectively	-	1,466	-	476
Monthly profit distribution of Nil units (2010: 10,358 units) and Nil units (2010: Nil units) for the nine months and quarter respectively	-	1,066	-	-

MCB DYNAMIC CASH FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees '000)			
Central Depository Company of Pakistan Limited - Trustee				
Remuneration and settlement charges for the period	4,661	7,587	1,195	1,735
Adamjee Insurance Company Limited				
Issue of Nil units (2010: 24,134,545 units) and Nil units (2010: 4,864,035 units) for the nine months and quarter respectively	-	2,450,000	-	500,000
Redemption of 972,873 units (2010: 31,238,776 units) and Nil units (2010: Nil units) for the nine months and quarter respectively	100,000	3,201,181	-	-
Distribution of 547,954 Bonus units (2010: 832,140 units) and 188,857 units (2010: 23,722 units) for the nine months and quarter respectively	55,546	83,693	19,182	2,410
Adamjee Insurance Company Limited - Employees Provident Fund				
Redemption of 178,077 units (2010: 533,983 units) and Nil units (2010: Nil units) for the nine months and quarter respectively	18,086	57,757	-	-
Distribution of 4,166 Bonus units (2010: 25,900 units) and Nil units (2010: Nil units) for the nine months and quarter respectively	421	2,599	-	-
D.G Khan Cement Company Limited Employees Provident Fund Trust				
Distribution of 165 Bonus units (2010: 141 units) and 62 units (2010: 47 units) for the nine months and quarter respectively	17	14	7	5
MCB AMC Staff Provident Fund				
Distribution of 961 Bonus units (2010: Nil units) and 362 units (2010: Nil units) for the nine months and quarter respectively	97	-	36	-
Adamjee Life Assurance Company Limited				
Issue of 425,881 units (2010: 2,410,070 units) and Nil units (2010: 1,489,734 units) for the nine months and quarter respectively	44,000	246,910	-	152,910
Redemption of 1,493,306 units (2010: 2,407,561 units) and 524,292 units (2010: 435,019 units) for the nine months and quarter respectively	153,000	248,552	54,000	45,000
Distribution of 70,915 Bonus units (2010: 63,176 units) and 14,495 units (2010: Nil units) for the nine months and quarter respectively	7,186	6,349	1,472	-
Habib Metropolitan Bank Ltd				
Issue of 49,519 units (2010: Nil units) and 6,296 units (2010: Nil units) for the nine months and quarter respectively	5,103	-	650	-
Redemption of 1,722,773 units (2010: Nil units) and Nil units (2010: Nil units) for the nine months and quarter respectively	180,000	-	180,000	-
Key management personnel				
Issue of 31,038 units (2010: 97,531 units) and 4,319 units (2010: 6,599 units) for the nine months and quarter respectively	3,175	9,906	445	675
Redemption of 15,011 units (2010: 123,003 units) and 6,822 units (2010: 55,078 units) for the nine months and quarter respectively	1,550	12,533	708	5,606
Distribution of 3,819 Bonus units (2010: 6,799 units) and 1,521 units (2010: 2,191 units) for the nine months and quarter respectively	388	686	165	220
			March 31, 2011	June 30, 2010
12.5 Amount outstanding as at period / year end			(Rupees in '000)	
MCB Bank Limited				
Bank balance			7,339	268,853
Profit receivable on deposit accounts			201	346
Nil units held as at March 31, 2011 (June 30, 2010: 3,332,230 units)			-	344,617
MCB Asset Management Company Limited				
Remuneration payable to management company 2,743,490 units held as at March 31, 2011 (June 30, 2010: 2,534,882 units)			5,452	7,030
			286,905	282,156
Adamjee Insurance Company Limited				
6,582,667 units held as at March 31, 2011 (June 30, 2010: 7,007,586 units)			688,393	724,720
Adamjee Insurance Company Limited - Employees Provident Fund				
Nil units held as at March 31, 2011 (June 30, 2010: 173,911 units)			-	17,986
MCB Employees Provident Fund				
721,291 units held as at March 31, 2011 (June 30, 2010: 666,446 units)			75,430	68,923
MCB Employees Pension Fund				
721,291 units held as at March 31, 2011 (June 30, 2010: 666,446 units)			75,430	68,923
MCB AMC Staff Provident Fund				
12,632 units held as at March 31, 2011 (June 30, 2010: 11,672 units)			1,321	1,207
D.G Khan Cement Company Limited Employees Provident Fund Trust				
2,170 units held as at March 31, 2011 (June 30, 2010: 2,005 units)			227	207
Adamjee Life Assurance Company Limited				
76,477 units held as at March 31, 2011 (June 30, 2010: 1,072,987 units)			7,998	110,968
Central Depository Company of Pakistan Limited - Trustee				
Security deposit			200	200

	March 31, 2011	June 30, 2010
	(Rupees in '000)	
Remuneration and settlement charges payable	381	551
Habib Metropolitan Bank Ltd 4,072,789 units held as at March 31, 2011 (June 30, 2010: 5,746,043 units)	425,918	594,252
Key management personnel 62,255 units held as at March 31, 2011 (June 30, 2010: 48,146 units)	6,510	4,979

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 27, 2011 by the Board of Directors of the Management Company.

14 CORROSPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison. The following has been reclassified and disclosed in the income statement.

Discount on Government Securities amounting to Rs. 118.78 million from capital gain/loss on sale of investment and Rs. 15.98 million from unrealised net unrealised appreciation are re-measurement of investment classified as financial asset at fair value. The profit and loss has been reclassified to Income from Govt. Securities

15 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

For MCB Asset Management Company Limited
 (Management Company)

Yasir Qadri
 Chief Executive

M.U.A. Usmani
 Director

MCB Dynamic Stock Fund



MICB DYNAMIC STOCK FUND

ORGANIZATION

Management Company	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908
Board of Directors	Mian Mohammad Mansha / Chairman Ali Munir Mohammad Usman Ali Usmani S. Waliullah Shah Ahmed Jahangir Haroun Rashid Samir Iqbal Saigol Ismail Arif Rafi Yasir Qadri / Chief Executive Officer
Audit Committee	Ali Munir / Chairman S. Waliullah Shah / Member Ahmed Jahangir / Member
Chief Financial Officer & Company Secretary	Muhammad Saqib Saleem
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shara-e-Faisal Karachi-74400
Auditors	A. F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C, 11 Chundrigar Road, Karachi. 74000
Legal Adviser	Bawany & Partners, Room No. 404, 4th Floor, Beaumont Plaza Beaumont Road, Civil Lines, Karachi.
Bankers	MCB Bank Limited NIB Bank Limited Bank Alfalah Limited Faysal Bank Limited
Transfer Agent	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908 E info@mcbamc.com.pk W www.mcbamc.com.pk

DIRECTOR'S REPORT

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Stock Fund's accounts review for the period ended March 31st 2011.

MARKET OVERVIEW

The benchmark KSE-30 Index posted a return of 21% during the period under review, which is largely dominated by the 2Q FY11 where the benchmark Index posted a return of 19.8%. The catastrophe of country-wide floods and its economic repercussions hampered the performance of the equities market during the beginning quarter of the period, where the KSE-30 Index posted a mere gain of 1.2%. Despite domestic macroeconomic concerns and monetary tightening by the SBP, foreign investors continued to pour in liquidity in local equities market in line with other emerging and frontier markets on the basis of their relative attractiveness over the developed markets. Citing continued foreigners' participation, local players are jumped on the bandwagon thereby resulting in healthier turnover in the market.

However, the third quarter of the period under review started-off with the expectations of developed market recovery resulted in reallocations towards them through diversion of a major chunk of liquidity from the emerging markets. Pakistan's equities market was no exception in such a scenario, though the quantum of outflows was lesser even despite the issue of Raymond Davis. Moreover, local players also kept the momentum to some extent in a response a) status-quo in Mar'11 monetary policy and b) healthy corporate results expectations for Mar'11 quarter.

FUND PERFORMANCE

Your fund posted a return of 32% during the period under review compared to its benchmark's return of 21%, an out-performance of 9%. The fund although kept its exposure towards equities slightly on the lower side but concentrated on high value and growth stocks in combination with strong dividend yielding plays. Since its inception, your fund was able to generate a return of 57.4% compared to its benchmark's return of -17.7% representing a significant out-performance of 75.1%.

FUTURE OUTLOOK

Continuation of selling spree from the foreign investors poses a risk to the future market performance while the shift in focus from emerging to developed markets is yet to be confirmed though, as during the past couple of days major foreign inflows were witnessed in domestic as well as regional markets. A healthy results season ahead may keep local investors' interests intact while the macroeconomic challenges amid rising commodities prices, noisy political landscape and non-materialization of external flows pose significant risks to the overall investment environment of the country.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

Yasir Qadri
 Chief Executive Officer

April 27, 2011

MCB DYNAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2011



	Note	Unaudited March 31, 2011	Audited June 30, 2010
(Rupees in '000)			
ASSETS			
Bank balances		30,624	23,858
Investments	4	615,663	619,813
Dividend and other receivables		13,179	2,006
Receivable against sale of investments		-	6,784
Security deposits and prepayments		3,736	3,700
Preliminary expenses and floatation costs		582	1,060
Total assets		663,784	657,221
LIABILITIES			
Payable to the Management Company		1,615	1,668
Payable to the Trustee		108	116
Annual fee payable to the Securities and Exchange Commission of Pakistan		479	678
Payable against purchase of investments		9,815	-
Accrued expenses and other liabilities		7,037	3,912
Total liabilities		19,054	6,374
NET ASSETS		644,730	650,847
Unit holders' fund (as per statement attached)		644,730	650,847
CONTINGENCIES AND COMMITMENTS	5		
(Number of units)			
NUMBER OF UNITS IN ISSUE		6,261,916	6,731,650
(Rupees)			
NET ASSET VALUE PER UNIT	3.1	102.96	96.68

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

MCB DYNAMIC STOCK FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Note	Nine months ended		Quarter ended	
		March 31		March 31	
		2011	2010	2011	2010
		(Rupees in '000)		(Rupees in '000)	
INCOME					
Capital gain on sale of investments		135,384	199,898	72,370	46,281
Dividend income		35,057	30,724	16,236	6,819
Income from Government Securities		7,135	-	1,187	-
Profit on bank deposits		3,361	4,045	1,242	1,139
		180,937	234,667	91,035	54,239
Net unrealised appreciation / (diminution) on re - measurement of investments classified as 'financial assets at fair value through profit or loss'		36,660	41,737	(44,908)	(4,932)
		217,597	276,404	46,127	49,307
EXPENSES					
Remuneration of the Management Company		15,141	12,778	4,724	4,732
Remuneration of the Trustee		1,009	1,074	314	315
Annual fee - Securities and Exchange Commission of Pakistan		479	510	149	150
Brokerage, capital value tax and settlement charges		4,895	6,107	1,815	1,669
Amortisation of preliminary expenses and floatation costs		479	479	158	158
Auditors' remuneration		415	349	129	159
Other expenses		554	545	208	189
		22,972	21,842	7,497	7,372
Net income from operating activities		194,625	254,562	38,630	41,935
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net		(35,291)	(63,554)	(25,632)	(5,151)
Provision for Workers' Welfare Fund		(3,187)	-	(260)	-
Net income for the period		156,147	191,008	12,738	36,784
Taxation	7	-	-	-	-
Net income for the period after taxation		156,147	191,008	12,738	36,784
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		156,147	191,008	12,738	36,784

Earnings per unit 3.2

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

MCB DYNAMIC STOCK FUND
 CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Nine months ended March 31		Quarter ended March 31	
	2011 (Rupees in '000)	2010 (Rupees in '000)	2011 (Rupees in '000)	2010 (Rupees in '000)
(Accumulated loss) / undistributed income brought forward				
- Realised income / (loss)	18,786	(215,315)	(113,053)	(46,813)
- Unrealised (loss) / income	<u>(41,113)</u>	<u>11,707</u>	<u>93,641</u>	<u>49,210</u>
	<u>(22,327)</u>	<u>(203,608)</u>	<u>(19,412)</u>	<u>2,397</u>
Final distribution for the year ended June 30, 2010 at Rs. 18.6601 per unit (Date of distribution July 1, 2010)				
- Bonus units	(120,916)	-	-	-
- Cash distribution	<u>(4,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income for the period after taxation	156,147	191,008	12,738	36,784
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount that forms part of the unit holders' fund	10,323	55,991	25,203	4,210
Undistributed income carried forward	<u>18,529</u>	<u>43,391</u>	<u>18,529</u>	<u>43,391</u>
undistributed income comprising of:				
- Realised (loss) / income	(10,631)	9,958	102,422	9,958
- Unrealised income	<u>29,160</u>	<u>33,433</u>	<u>29,160</u>	<u>33,433</u>
	<u>18,529</u>	<u>43,391</u>	<u>18,529</u>	<u>43,391</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
 (Management Company)

Yasir Qadri
 Chief Executive

M.U.A. Usmani
 Director

MCB DYNAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Nine months ended March 31		Quarter ended March 31	
	2011 (Rupees in '000)	2010	2011 (Rupees in '000)	2010
Net assets at the beginning of the period	650,847	642,998	721,474	633,698
Issue of 553,126 units (2010: 2,448,935 units) and 123,046 units (2010: 334,872 units) for the nine months and quarter respectively	47,880	231,915	12,341	34,642
Issue of 1,609,919 bonus units relating to the period ended June 30, 2010 (2010: Nil bonus units)	120,916	-	-	-
Redemption of 2,632,779 units (2010: 4,777,054 units) and 1,269,898 units (2010: 509,936 units) for the nine months and quarter respectively	(240,738)	(472,287)	(127,455)	(53,087)
	(71,942)	(240,372)	(115,114)	(18,445)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	35,291	63,554	25,632	5,151
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	(10,323)	(55,991)	(25,203)	(4,210)
	24,968	7,563	429	941
Net unrealised appreciation / (diminution) on re-measurement of investments classified as ' financial assets at fair value through profit or loss'	36,660	41,737	(44,908)	(4,932)
Capital gain on sale of investment	135,384	199,898	72,370	46,281
Other operating income / (loss)	(15, 97)	(50,627)	(14,724)	(4,565)
	156,147	191,008	12,738	36,784
Element of income / (loss) and capital gains included in prices of units issued less those in units redeemed				
- amount representing income / (loss) that forms part unit holders' fund	10,323	55,991	25,203	4,210
Final distribution for the period ended June 30, 2010 at Rs. 18.6601 per unit (Date of distribution July 1, 2010)				
- Bonus units	(120,916)	-	-	-
- Cash Distribution	(4,697)	-	-	-
Net assets as at the end of the period	<u>644,730</u>	<u>657,188</u>	<u>644,730</u>	<u>657,188</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

	Notes		Quarter ended	
	Nine months ended March 31		March 31	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	156,147	191,008	12,738	36,784
Adjustments for non-cash charges and other items:				
Capital gain on sale of investments	(135,384)	(199,898)	(72,370)	(46,281)
Dividend income	(35,057)	(30,724)	(16,236)	(6,819)
Profit on bank deposits	(3,361)	(4,045)	(1,242)	(1,139)
Net unrealised appreciation / (diminution) on re - measurement of investments classified as 'financial assets at fair value through profit or loss'	(36,660)	(41,737)	44,908	4,932
Amortisation of preliminary expenses and floatation costs	479	479	158	158
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	35,291	63,554	25,632	5,151
	(18,545)	(21,363)	(6,412)	(7,214)
(Increase) / decrease in assets				
Investments - net	207,877	183,587	51,674	113,005
Security deposits and prepayments	(36)	(154)	34	(111)
	207,841	183,433	51,708	112,894
Increase / (decrease) in liabilities				
Payable to the Management Company	(53)	(425)	(180)	(218)
Payable to the Trustee	(8)	2	(18)	(15)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(199)	(68)	149	150
Accrued expenses and other liabilities	3,125	(340)	(10)	(452)
	2,865	(831)	(59)	(535)
	192,161	161,239	45,237	105,145
Dividend received	23,756	29,485	3,628	5,098
Profit received on bank deposits	3,490	3,948	1,460	997
Net cash flow generated from operating activities	219,407	194,672	50,325	111,240
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of units	47,880	231,915	12,341	34,642
Payments on redemption of units	(240,738)	(472,286)	(152,165)	(153,468)
Cash distribution	(4,697)	-	-	-
Net cash used in financing activities	(197,555)	(240,371)	(139,824)	(118,826)
Net increase / (decrease) in cash and cash equivalents during the period				
	21,852	(45,699)	(89,499)	(7,586)
Cash and cash equivalents at the beginning of the period	48,508	61,104	159,859	22,991
Cash and cash equivalents as at March 31, 2011	70,360	15,405	70,360	15,405

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Dynamic Stock Fund (The Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and was approved as an investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on December 12, 2006. It was constituted under a Trust Deed dated November 10, 2006 amended by a Supplemental Trust Deed dated January 21, 2007 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984. The registered office of the Management Company is situated at 8th floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC rules through certificate of registration issued by the SECP. MCB Bank Ltd and Arif Habib Corporation Ltd the sponsors of MCB Asset Management Co. Ltd and Arif Habib Investments Ltd respectively, have signed share holder agreement on January 20, 2011. Subsequent to period end SECP, through their letter no. SCD/NBFC-II/MCBAMCL & AHIL/169/2011 dated April 13, 2011 have granted NOC for amalgamation of MCB Asset Management Company Limited with and into Arif Habib Investments Limited subject to all regulatory compliances and legal approvals. Arif Habib Investments Limited will technically be the surviving entity as a result of the merger and will be renamed. Accordingly the management of MCB Dynamic Stock Fund will be assumed by the surviving entity.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange. The Board of Directors have approved that the Fund should be categorized as Equity Scheme as per the categories defined by the Securities and Exchange Commission of Pakistan.

The principal activity of the Fund is to make investments in securities listed on the stock exchanges. The Fund is an equity fund and its objective is to provide long term capital appreciation.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an Asset Manager rating of "AM2- positive outlook" to the Management Company and a short term star ranking rating of "4-Star-normal" and long term star ranking of "5-star normal" to the Fund.

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

These condensed interim financial statements have 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (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 the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited.

2.3 The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2010.

3.1 Net Asset Value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.2 Earning / (loss) per unit

Earnings / (loss) per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating loss per unit is not practicable.

MCB DYNAMIC STOCK FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Note	March 31 2011 (Unaudited)	June 30 2010 (Audited)
4 INVESTMENTS			
"Financial assets at fair value through profit or loss - held for trading"			
Listed equity securities	4.1	575,929	595,163
Government Securities	4.2	39,734	24,650
		<u>615,663</u>	<u>619,813</u>

4.1 'Financial assets at fair value through profit or loss - held for trading'

Listed equity securities

Name of investee company	Number of shares				As at March 31, 2011	Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid up capital of investee company held
	As at July 1, 2010	Purchased during the period	Bonus / right shares	Disposed of during the period		Carrying value	Market value	Appreciation / (diminution)			

(Rupees in '000)

Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.

Auto Mobile & Parts

Agriauto Industries Limited*	227,600	619	-	104,906	123,313	8,509	8,756	247	1,36	1,52	6.08
Indus Motor Company Limited	51,276	13,741	-	65,017	-	(0)	(0)	0	-	-	(0.00)
						<u>8,509</u>	<u>8,756</u>	<u>247</u>	<u>1,36</u>	<u>1,52</u>	

Banks

Allied Bank Limited	-	430,455	27,991	62,724	395,722	23,960	23,518	(443)	3,65	4,08	0.27
Bank Al-Falah Limited	406,907	100,000	-	526,907	-	0	-	(0)	-	-	-
Bank Al-Habib Limited	90,000	468,456	102,871	44,101	617,226	18,774	17,918	(856)	2,78	3,11	0.20
Habib Bank Limited	137,153	138,141	-	275,294	-	(0)	0	0	-	-	0.00
MCB Bank Limited	150,867	127,053	1,531	262,604	16,847	3,320	3,496	176	0,54	0,61	0.04
Meezan Bank Limited	25,000	1,036,152	155,422	25,000	1,191,574	18,848	20,257	1,409	3,14	3,52	0.25
National Bank of Pakistan	140,370	1,114,157	84,988	929,573	409,942	24,167	23,375	(792)	3,63	4,06	0.14
United Bank Limited	532,314	725,004	-	845,391	411,927	24,865	25,334	467	3,93	4,40	0.21
						<u>113,935</u>	<u>113,897</u>	<u>(38)</u>	<u>17,67</u>	<u>19,78</u>	

Chemicals

Dawood Hercules Chemicals Limited	-	119,875	-	119,875	-	0	0	0	-	-	0.00
Engro Corporation Limited	229,305	574,409	21,555	582,938	242,331	45,754	49,867	4,113	7,73	8,66	1.27
Fauji Fertilizer Bin Qasim Limited	705,903	1,968,067	-	2,153,990	550,000	22,000	21,538	(462)	3,34	3,74	0.23
Fauji Fertilizer Company Limited	329,171	869,139	111	822,717	375,704	46,781	51,802	5,021	8,03	8,69	0.61
ICI Pakistan Limited	-	74,201	-	74,201	-	-	-	0	-	-	-
Lotte Pakistan Pia Limited	-	4,453,130	-	2,218,000	2,235,130	28,410	36,075	7,665	5,60	6,26	0.24
						<u>142,945</u>	<u>159,282</u>	<u>16,337</u>	<u>24,70</u>	<u>27,65</u>	

Construction & Materials

Attock Cement Pakistan Limited	-	246,442	-	246,442	-	0	0	0	-	-	0.00
D.G. Khan Cement Limited	125,000	812,057	-	937,057	-	(0)	(0)	(0)	-	-	(0.00)
Lucky Cement Limited	149,452	808,744	-	828,196	130,000	8,813	8,772	(41)	1,36	1,52	0.27
						<u>8,813</u>	<u>8,772</u>	<u>(41)</u>	<u>1,36</u>	<u>1,52</u>	

Electricity

Hub Power Company Limited	2,017,265	1,254,678	-	2,449,971	821,972	28,999	30,939	1,940	4,80	5,37	0.27
Kot Adu Power Company Limited	62,965	554,365	-	262,815	354,535	14,546	14,600	54	2,26	2,53	0.17
Nishat Power Limited	664,268	2,932,960	-	2,437,581	1,159,647	16,305	19,853	3,528	3,08	3,45	0.56
Nishat Chunian Power Ltd	-	2,107,971	-	1,388,203	719,768	10,301	11,344	1,043	1,76	1,97	0.31
						<u>70,171</u>	<u>76,735</u>	<u>6,565</u>	<u>11,90</u>	<u>13,32</u>	

Fixed Line Telecommunication

Pakistan Telecommunication Company Limited	574,765	544,156	-	1,118,921	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

General Industries

Thal Limited *	195,531	(0)	33,884	229,415	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

Subsequent to the year ended June 30, 2010, 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. As per the legal counsel who is handling the case, there is contradiction between the above referred clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 6.036 million in these condensed interim financial statements.

9 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Connected persons of the Fund include the Management Company Limited, other collective investment schemes being managed by the Management Company, the Trustees, directors and key management personnel and other associated undertakings.

The transactions with connected persons are in the normal course of business and at contracted rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

9.1 Details of the transactions with the connected persons during the period are as follows:

	-----Unaudited-----			
	Nine months ended		Quarter ended	
	March 31		March 31	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
MCB Asset Management Company Limited				
Remuneration to Management Company	15,141	12,778	4,724	4,732
MCB Bank Limited				
Mark-up received	1,156	843	222	288
Dividend received	381	1,029	46	305
Redemption of 1,033,300 units (2010: 2,200,000) units	103,852	225,259	103,852	-
Issue of 199,427 bonus units (2010: Nil units)	15,560	-	-	-
MCB Employees Provident Fund				
Issue of 192,511 bonus units (2010: Nil units)	15,021	-	-	-
MCB Employees Pension Fund				
Issue of 147,527 bonus units (2010: Nil units)	11,511	-	-	-
Dera Ghazi Khan Cement Company Limited Employees Provident Fund				
Issue of 3,259 bonus units (2010: Nil units)	254	-	-	-
Nishat Mills Limited				
Dividend received	1,625	901	-	-
Nishat Mills Limited Employees Provident Fund trust				
Issue of 1,252 bonus units (2009: Nil units)	98	-	-	-

Hub Power Company Limited				
Dividend income	4,203	4,820	1,930	163
Central Depository Company of Pakistan Limited				
Remuneration for the period	1,009	1,074	314	315
CDC settlement charges	85	98	32	32
Key management personnel				
Issue of 12,280 units (2010: 7,103 units)	1,129	651	720	35
Issue of 1,090 bonus units (2010: Nil units)	84	-	-	-
Redemption of 6,230 units (2010: 31,040 units)	558	2,674	226	307
Bank of Punjab				
Issue of 387,024 bonus units (2010: Nil units)	30,197	0	-	0
Redemption of Nil units (2010: 189,353)	-	18,219	-	-
MCB Asset Management Company Limited (Staff provident fund)				
Issue of 1,667 bonus units (2010: Nil units)	130	-	-	-
Redemption of 8,636 units (2009: Nil)	731	-	-	-
			March 31 2011 Unaudited	June 30 2010 Audited
9.2 Amount outstanding as at the period / year end			(Rupees in '000)	
MCB Asset Management Company Limited				
Management fee payable			1,615	1,668
MCB Bank Limited				
Bank balances			5,308	17,615
Profit receivable on bank balances			108	211
Nil units held (June 30 2010: 833,874 units)			-	80,623
16,847 shares held by the Fund (June 30 2010: 150,867 shares)			3,496	29,297
Sales load payable			-	15
Hub Power Company Limited				
821,972 shares held by the Fund (June 30 2010: 2,017,265 shares)			30,939	64,472
Dera Ghazi Khan Cement Limited				
NIL shares held by the Fund (June 30 2010: 125,000 shares)			-	2,952
Nishat Mills Limited				
182,422 shares held by the Fund (June 30 2010: 565,757 shares)			11,856	24,395
Nishat (Chunian) Limited				
601,526 shares held by the Fund (June 30 2010: Nil shares)			17,240	-
Nishat Chunian Power Ltd				
719,768 shares held by the Fund (June 30 2010: Nil shares)			11,344	-
Nishat Power Limited				
1,159,647 shares held by the Fund (June 30 2010: Nil shares)			19,853	-
Dera Ghazi Khan Cement Company Limited Employees Provident Fund				
16,627 units held (June 30 2010: 13,629)			1,739	1,318
Bank of Punjab				
1,974,321 units held (June 30 2010: 1,618,287)			206,468	156,463

	March 31 2011 Unaudited	June 30 2010 Audited
	(Rupees in '000)	
Nishat Mills Limited Employees Provident Fund Trust		
6,385 units held (June 30 2010: 5,234 units)	668	506
MCB Asset Management Company Limited (Staff Provident Fund)		
Nil units held (June 30 2010: 6,969 units)	-	674
MCB Employees Provident Fund		
982,055 units held (June 30 2010: 804,959 units)	102,700	77,827
MCB Employees Pension Fund		
752,575 units held (June 30 2010: 616,862 units)	78,702	59,641
Central Depository Company of Pakistan Limited		
Trustee fee payable	108	111
CDC settlement charges payable	14	5
Security deposit	200	200
Key management personnel		
10,753 units held (June 30 2010: 4,558)	1,107	441

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 27, 2011 by the Board of Directors of the Management Company.

11 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

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

**Yasir Qadri
 Chief Executive**

**M.U.A. Usmani
 Director**

MCB DYNAMIC ALLOCATION FUND

MCB Dynamic Allocation Fund

MCB
Dynamic
ALLOCATION FUND

ORGANIZATION

Management Company	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908
Board of Directors	Mian Mohammad Mansha / Chairman Ali Munir Mohammad Usman Ali Usmani S. Waliullah Shah Ahmed Jahangir Haroun Rashid Samir Iqbal Saigol Ismail Arif Rafi Yasir Qadri / Chief Executive Officer
Audit Committee	Ali Munir / Chairman S. Waliullah Shah / Member Ahmed Jahangir / Member
Chief Financial Officer & Company Secretary	Muhammad Saqib Saleem
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shara-e-Faisal Karachi-74400
Auditors	A. F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi. 74000
Legal Adviser	Bawany & Partners, Room No. 404, 4th Floor, Beaumont Plaza Beaumont Road, Civil Lines, Karachi.
Bankers	MCB Bank Limited NIB Bank Limited Bank Alfalah Limited Faysal Bank Limited
Transfer Agent	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908 E info@mcbamc.com.pk W www.mcbamc.com.pk

DIRECTOR'S REPORT

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Allocation Fund's accounts review for the period ended March 31st 2011.

MARKET OVERVIEW

The benchmark KSE-100 Index posted a return of 21.5% during the period under review, which is largely dominated by the 2Q FY11 where the benchmark Index posted a return of 20.1%. Despite domestic macroeconomic concerns and monetary tightening by the SBP, foreign investors continued to pour in liquidity in local equities market in line with other emerging and frontier markets on the basis of their relative attractiveness over the developed markets. Citing continued foreigners' participation, local players were jumped on the bandwagon thereby resulting in healthier turnover in the market.

During the period under review, short term market rates remained at comfortable levels amid better liquidity scenario in the money market with few exceptions especially towards the latter part of the period under review. Due to an overall decent liquidity position within the system, corporate debt (TFC) market has also seen some decent activities especially within the banking sector during the period.

FUND PERFORMANCE

Your fund being cautiously vigilant of the overall macro-economic and systematic risks, maintained a defensive risk-averse approach in managing its portfolio whereas exploiting opportunities in the equities market with a balance in defensive and value stocks where the overall equities exposure was reduced from 56% in the beginning of the period under review and was maintained at around 35-45% during most of the period under review. The fund generated a return of 18.4% during the period under review while the since inception return of the fund stood at -7.5%.

33

OUTLOOK

Continuation of selling spree from the foreign investors poses a risk to the future market performance while a healthy results season ahead may keep local investors' interests intact. Although the government has been able to contain its borrowing from SBP to lower levels, their ability to do so going forward will be largely dependent on the realization of pledged foreign inflows. Therefore, we believe that the realization of committed foreign flows as well as government's fiscal side reforms are key variables for dictating liquidity and interest rates direction going forward.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

Yasir Qadri
 Chief Executive Officer

April 27, 2011

MCB DYNAMIC ALLOCATION FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT March 31, 2011



	Unaudited March 31, 2011	Audited June 30, 2010
Note	Rupees in '000	
ASSETS		
Bank balances	37,542	66,796
Receivable against Marginal Trading System (MTS) transactions	2,449	-
Investments	283,419	275,290
Loans and receivables	-	50,000
Receivable against sale of investment	-	5,378
Dividend and other receivables	11,567	2,342
Security deposits and prepayments	3,881	3,600
Preliminary expenses and floatation cost	1,959	2,710
Total assets	340,817	406,116
LIABILITIES		
Payable to MCB Asset Management Company Limited - Management Company	421	520
Payable to Central Depository Company of Pakistan Limited	56	69
Annual fee payable to Securities and Exchange Commission of Pakistan	270	574
Payable against purchase of investments	2,958	-
Accrued and other liabilities	2,904	1,912
Total liabilities	6,609	3,075
NET ASSETS	334,208	403,041
Unit holders' fund (as per statement attached)	334,208	403,041
COMMITMENTS		
	Number of units	
NUMBER OF UNITS IN ISSUE	4,143,720	5,152,325
	Rupees	
NET ASSET VALUE PER UNIT	80.65	78.23

The annexed notes form an integral part of these financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

**MCB DYNAMIC ALLOCATION FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**



Note	Nine Month ended		Quarter ended	
	March-31		March-31	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
INCOME				
Capital gain on sale of investments	30,838	116,935	4,348	23,653
Dividend income	9,979	13,530	6,782	2,379
Income from Marginal Trading System (MTS) transactions	2	-	2	-
Income from spread transactions	6,467	-	6,467	-
Profit on bank deposits and term deposit receipts	3,927	10,322	1,874	2,838
Income from money market placements	-	1,518	-	74
Income from government securities	11,781	5,513	1,707	126
Income from Term Finance Certificates	5,736	17,433	1,757	5,822
	68,730	165,251	22,937	34,892
Net unrealised appreciation / (diminution) on re-measurement of investments * classified as financial assets at fair value through profit or loss ¹	6,613	(1,142)	(5,024)	(21,518)
Total Income	75,343	164,109	17,913	13,374
EXPENSES				
Remuneration of MCB Asset Management Company Limited-Management Company	4,264	7,450	1,248	1,866
Remuneration of Central Depository Company of Pakistan Limited - Trustee	569	993	167	248
Annual fee - Securities and Exchange Commission of Pakistan	270	472	79	118
Brokerage and settlement charges	2,069	4,419	730	1,082
Amortisation of preliminary expenses and floatation costs	751	751	246	246
Auditors' remuneration	443	349	158	160
Other expenses	838	323	218	(14)
	9,204	14,757	2,846	3,706
Net Income from operating activities	66,139	149,352	15,068	9,668
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	(13,210)	(65,300)	(11,273)	(24,701)
Provision for Workers' Welfare Fund	(1,059)	-	(76)	-
Net Income/(loss) for the period before taxation	51,870	84,052	3,718	(15,033)
Taxation	-	-	-	-
Net income / (loss) for the period after taxation	51,870	84,052	3,718	(15,033)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	51,870	84,052	3,718	(15,033)
Earnings / (loss) per unit	8			

The annexed notes form an integral part of these financial statements.

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

**Yasir Qadri
Chief Executive**

**M.U.A. Usmani
Director**

**MCB DYNAMIC ALLOCATION FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**



	Nine months ended		Quarter ended	
	March 31		March 31	
	2011	2010	2011	2010
	Rupees in '000			
Loss Brought forward				
- Realised loss	(92,514)	(368,228)	(125,872)	(160,810)
- Unrealised (loss) / income	<u>(19,678)</u>	<u>16,835</u>	<u>7,093</u>	<u>20,857</u>
	<u>(112,192)</u>	<u>(351,393)</u>	<u>(118,779)</u>	<u>(139,953)</u>
Final distributions during the period ended June 30, 2010:				
On July 01, 2010 at Rs 1.8903 per unit				
- Cash distribution	(12,849)	-	-	-
- Bonus distribution	(39,133)	-	-	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount forms part of the unit holders' fund	32,138	169,932	34,895	57,577
Net Income for the period after taxation	51,870	84,052	3,718	(15,033)
Loss carried forward	<u>(80,166)</u>	<u>(97,409)</u>	<u>(80,166)</u>	<u>(97,409)</u>
Loss carried forward				
- Realised (loss)	(85,192)	(89,984)	(85,192)	(89,984)
- Unrealised income / (loss)	<u>5,026</u>	<u>(7,425)</u>	<u>5,026</u>	<u>(7,425)</u>
	<u>(80,166)</u>	<u>(97,409)</u>	<u>(80,166)</u>	<u>(97,409)</u>

The annexed notes form an integral part of these financial statements.

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

**Yasir Qadri
Chief Executive**

**M.U.A. Usmani
Director**

**MCB DYNAMIC ALLOCATION FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**



	Nine months ended March 31		Quarter ended March 31	
	2011 (Rupees in '000)	2010	2011 (Rupees in '000)	2010
Net assets at beginning of the period	403,041	714,089	405,106	584,852
Issue of 7,255 units (2010: 868,287 units) and 167 units (2010: 28,483 units) for nine months and quarter respectively	515	63,566	14	2,344
Issue of 574,336 bonus units relating to the period ended June 30, 2010 (June 30, 2009: 0 bonus units)	39,133	-	-	-
Redemption of 1,590,196 units (2010: 6,021,556) and 1,095,295 units (2010: 1,774,285 units) for nine months and quarter respectively	(121,580)	(474,190)	(85,904)	(144,047)
	(81,932)	(410,624)	(85,890)	(141,703)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	13,210	65,300	11,273	24,701
- amount representing income that forms part of unit holders' fund - transferred to distribution statement	(32,138)	(169,932)	(34,895)	(57,577)
	(18,928)	(104,632)	(23,622)	(32,876)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	32,138	169,932	34,895	57,577
Net unrealised appreciation on re-measurement of investment classified as "financial assets at fair value through profit or loss"	6,613	(1,142)	(5,024)	(24,466)
Income from other operating activities	45,257	85,194	8,742	9,433
Net Income for the period	51,870	84,052	3,718	(15,033)
Final distributions during the period ended June 30, 2010: On July 01, 2010 at Rs 10,0890 per unit				
- Cash distribution	(12,849)	-	-	-
- Bonus distribution	(39,133)	-	-	-
	(51,982)	-	-	-
Net assets as at the end of the period	334,207	452,817	334,207	452,817

The annexed notes form an integral part of these financial statements.

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

**Yasir Qadri
Chief Executive**

**M.U.A. Usmani
Director**

**MCB DYNAMIC ALLOCATION FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**



CASH FLOWS FROM OPERATING ACTIVITIES	Nine months ended March 31		Quarter ended March 31	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
Net Income/ (loss) for the period before taxation	51,870	84,052	3,718	(15,033)
Adjustments for non-cash charges and other items:				
Capital gain on sale of investment	(30,838)	(116,935)	(4,348)	(23,653)
Profit on bank deposits and term deposit receipts	(3,927)	(10,322)	(1,874)	(2,838)
Dividend income	(9,979)	(13,530)	(6,782)	(2,379)
Net unrealised appreciation / (diminution) on remeasurement of investment classified as 'financial assets at fair value through profit or loss'	(6,613)	1,142	5,024	21,518
Amortisation of preliminary expenses and floatation costs	751	751	246	246
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	13,210	65,300	11,273	24,701
	14,474	10,458	7,257	2,562
Increase / (decrease) in assets				
Investments - net	141,895	313,798	(5,725)	328,063
Receivable against Marginal Trading System (MTS) transactions	(2,449)	-	(2,449)	-
Other receivable	(2,764)	5,776	(2,646)	6,500
Security deposits and prepayments	(281)	(103)	(216)	(96)
	136,401	319,471	(11,036)	334,467
Increase / (decrease) in liabilities				
Payable to MCB Asset Management Company Limited - Management Company	(99)	(576)	(90)	(176)
Payable to Central Depository Company of Pakistan Limited	(13)	(38)	(13)	(26)
Annual fee payable to Securities and Exchange Commission of Pakistan	(304)	(412)	79	117
Accrued and other liabilities	992	(709)	130	(160)
	576	(1,735)	106	(245)
Profit received on bank deposit and term deposit	3,984	7,177	1,844	15
Dividend income received	3,461	14,665	256	1,609
Net cash generated / (used in) operating activities	158,896	350,036	(1,572)	338,408
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts from issue of units	515	63,566	14	2,344
Net payments on redemption of units	(121,580)	(474,182)	(85,904)	(144,047)
Distribution during the period	(12,849)	-	-	-
Net cash used in from financing activities	(133,914)	(410,616)	(85,890)	(141,703)
Net increase in cash and cash equivalents	24,982	(60,580)	(87,462)	196,705
Cash and cash equivalents at the beginning of the period	116,796	176,657	229,241	(80,628)
Cash and cash equivalents at the end of the period	141,778	116,077	141,779	116,077

6

The annexed notes form an integral part of these financial statements.

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

**Yasir Qadri
Chief Executive**

**M.U.A. Usmani
Director**

1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Dynamic Allocation Fund (the Fund) was established under the Non-Banking Finance Companies and Notified Entities Regulations, 2007 and has been approved as an open ended investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on December 17, 2007. It was constituted under a Trust Deed dated November 22, 2007, between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984. The registered office of the Management Company is situated at 8th floor, Technocity Corporate Tower, Hasrat Mohani Road, Karachi.

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC rules through certificate of registration issued by the SECP. MCB Bank Ltd and Arif Habib Corporation Ltd the sponsors of MCB Asset Management Co. Ltd and Arif Habib Investments Ltd respectively, have signed share holder agreement on January 20, 2011 for merger of both asset management companies. Subsequent to period end SECP, through their letter no. SCD/NBFC-II/MCBAMCL & AHIL/169/2011 dated April 13, 2011 have granted NOC for amalgamation of MCB Asset Management Company Limited with and into Arif Habib Investments Limited subject to all regulatory compliances and legal approvals. Arif Habib Investments Limited will technically be the surviving entity as a result of the merger and will be renamed. Accordingly the management of MCB Dynamic Allocation Fund will be assumed by the surviving entity.

The Fund is an Asset Allocation Fund and is allowed to shift total exposure into debt or equity instruments as per market conditions and the discretion of the Management Company. The objective of the Fund is to provide a high return which commensurates the higher risk taken due to pro-active allocation of funds across various asset and debt classes.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of "AM2-" Positive Outlook to the Management Company and a long term ranking of "4-Star-normal" to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (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 these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited.

2.3 The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

2.4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2010 except policy for Securities under resale agreement - Marginal Trading system as disclosed in 2.4.1:

2.4.1 Securities under resale agreements- Marginal Trading System (MTS) Transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against MTS transactions at fair value of the consideration given. All purchases and sales of securities that require delivery within the time frame established by the regulations or market conventions are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the assets. The MTS transactions are accounted for on the settlement date. The income is accrued at the applicable rate of return specified in the Bid on the outstanding Marginal Trading Transaction Value after adjustment of MTM losses.

MCB DYNAMIC ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



3 INVESTMENTS

Financial assets at fair value through profit or loss

	Note	Unaudited March 31, 2011	Audited June 30, 2010
- Listed equity securities	3.1	145,756	224,993
- Debt securities	3.2		
- Listed Debt securities		28,359	50,297
- Un-Listed Debt securities		5,068	
- Govt. Securities	3.3	104,236	
		<u>283,419</u>	<u>275,290</u>

3.1 Listed equity securities

Unless states otherwise, the holding are in ordinary shares having a face value of Rs. 10 each

Name of investee company	Number of shares					Balance as at Mar. 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2010	Purchased during the year	Bonus/ rights shares	Disposed off during the year	As at March 31, 2011	Cost	Market value	Appreciation/ (diminution)		
(Rupees in '000)										
Auto Mobiles & Parts										
Indus Motors Company Limited	23,000	-	-	23,000	-	-	-	-	0.00%	0.00%
Agriauto Industries Limited*	30,000	-	-	20,000	10,000	660	710	20	0.21%	0.25%
						<u>660</u>	<u>710</u>	<u>20</u>	<u>0.21%</u>	<u>0.25%</u>
Construction & Materials										
Dera Ghazi Khan Cement Limited	52,200	402,627	-	454,827	-	-	-	-	0.00%	0.00%
Lucky Cement Limited	-	125,000	-	105,000	20,000	1,322	1,350	28	0.40%	0.48%
						<u>1,322</u>	<u>1,350</u>	<u>28</u>	<u>0.40%</u>	<u>0.48%</u>
Chemicals										
Enjo Corporation Limited	69,887	113,460	1,128	142,707	41,768	8,002	8,595	593	2.57%	3.03%
Falima Fertilizers Limited	5,581	-	-	5,581	-	-	-	-	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	105,479	657,437	-	762,916	-	-	-	-	0.00%	0.00%
Lote Pakistan Pta Limited	-	1,691,431	-	1,086,600	604,831	8,372	9,762	1,390	2.92%	3.44%
Fauji Fertilizer Company Limited	92,215	211,500	-	158,715	145,000	19,669	19,993	324	3.99%	4.65%
						<u>35,044</u>	<u>38,350</u>	<u>3,007</u>	<u>11.47%</u>	<u>13.53%</u>
Banks										
Alfalah Limited	297,551	-	-	297,551	-	-	-	-	0.00%	0.00%
Alfred Bank Limited	-	40,000	3,100	9,000	34,100	2,197	2,026	(171)	0.61%	0.71%
Bank Al Habib Limited	-	251,035	45,201	25,000	271,206	8,504	7,873	(631)	2.36%	2.78%
Habib Bank Limited	25,000	10,000	-	35,000	-	-	-	-	0.00%	0.00%
MCB Bank Limited	40,219	110,000	670	133,519	17,370	3,567	3,605	38	1.08%	1.27%
Meezan Bank Limited	-	183,597	27,539	-	211,136	3,433	3,589	156	1.07%	1.27%
National Bank of Pakistan	159,040	756,507	85,876	887,540	113,863	7,103	6,494	(609)	1.94%	2.29%
United Bank Limited	268,856	298,000	-	411,273	96,583	5,748	5,940	192	1.79%	2.10%
						<u>30,552</u>	<u>29,527</u>	<u>(1,025)</u>	<u>8.83%</u>	<u>10.42%</u>
Personal goods										
Nahat Churnan Limited	-	307,607	-	192,607	205,000	5,356	5,875	519	1.76%	2.07%
Nahat Mills Limited	221,672	419,678	-	521,204	120,146	7,239	7,808	569	2.34%	2.75%
						<u>12,595</u>	<u>13,683</u>	<u>1,088</u>	<u>4.09%</u>	<u>4.83%</u>
Oil and gas										
Attock Petroleum Limited	84,890	44,661	-	129,571	-	-	-	-	0.00%	0.00%
OIL & Gas Development Company Limited	5,462	15,000	-	20,462	-	-	-	-	0.00%	0.00%
Pakistan Oilfields Limited	84,765	251,844	-	316,676	19,653	6,195	6,389	194	1.91%	2.25%
Pakistan Petroleum Limited	121,375	57,747	5,762	164,884	20,000	4,119	4,228	109	1.27%	1.49%
National Refinery Limited	-	15,000	-	15,000	-	-	-	-	0.00%	0.00%
Pakistan State Oil Company Limited	35,177	306,162	-	290,630	80,509	23,663	22,342	(1,321)	6.89%	7.98%
						<u>33,177</u>	<u>32,955</u>	<u>(218)</u>	<u>3.86%</u>	<u>4.63%</u>
General Industries										
Packagees Limited	73,376	2,674	-	70,000	12,050	1,448	1,421	(27)	0.43%	0.50%
Thal Limited *	7,000	-	-	7,000	-	-	-	-	0.00%	0.00%
						<u>1,448</u>	<u>1,421</u>	<u>(27)</u>	<u>0.43%</u>	<u>0.50%</u>
Electricity										
The HUB Power Company Limited	1,119,292	705,609	-	1,627,568	197,333	7,323	7,428	105	2.22%	2.62%
Kot Addu Power Company Limited	259,906	255,000	-	321,813	193,293	7,800	7,960	30	2.38%	2.81%
Nahat Churnan Power Limited	379,456	924,259	-	1,005,400	298,415	4,548	4,703	155	1.41%	1.66%
Nahat Power Limited	817,031	2,731,813	-	3,144,092	404,792	6,948	6,929	(19)	2.07%	2.44%
						<u>25,749</u>	<u>27,020</u>	<u>1,271</u>	<u>8.08%</u>	<u>9.53%</u>
Food Producers										
JDW Sugar Mills Limited	-	10,000	-	-	10,000	710	736	26	0.22%	0.26%
						<u>710</u>	<u>736</u>	<u>26</u>	<u>0.22%</u>	<u>0.26%</u>
Total - March 31, 2011						<u>141,286</u>	<u>145,756</u>	<u>4,470</u>	<u>43.61%</u>	<u>51.43%</u>
Total - June 30, 2010						<u>248,653</u>	<u>224,993</u>	<u>(21,660)</u>	<u>55.81%</u>	<u>81.71%</u>

* The face value of shares held of Thal Limited and Agriauto Industries Limited is Rs. 5

MCB DYNAMIC ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



3.2 Debt Securities

Name of investee company	Number of Certificates				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 01, 2010	Purchased during the year	Disposed during the year	As at March 31, 2011	Cost	Market Value	Appreciation / (Diminution)		

Certificates having a face value of Rs, 5,000 each unless stated otherwise

---(Rupees in '000)---

Listed Debt Securities

Bank Al-Habib Limited	520	-	-	520	2,547	2,619	72	0.78%	0.92%
NIB Bank Limited	2,845	-	2,845	-	-	-	-	0.00%	0.00%
Askari Bank Limited	5,000	-	-	5,000	24,598	25,740	1,142	7.70%	9.08%
United Bank Limited	2,000	1,000	3,000	-	-	-	-	0.00%	0.00%
					27,145	28,359	1,214	8.49%	10.01%

Unlisted Debt Securities

Bank Alfajr Limited	-	1,000	-	1,000	5,068	5,068	-	1.52%	1.79%
					5,068	5,068	-	1.52%	1.79%

Total - March 31, 2011

32,213 33,427 1,214 10.00% 11.79%

Total - June 30, 2010

49,807 50,297 490 12.48% 18.28%

3.3

Name of security	Face Value				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2010	Purchased during the year	Disposed of during the year	Matured during the year	As at March 31, 2011	Carrying value	Market Value		

---(Rupees in'000)---

Treasury bills - 12 months	-	40,000,000	-	40,000,000	-	-	-	-	-
Treasury bills - 6 months	-	10,700,000	-	700,000	-	-	-	-	-
Treasury bills - 3 months	-	1,065,000,000	714,000,000	266,000,000	105,000,000	103,306	104,236	930	0.31
Pakistan Investment Bond - 3 years	-	75,000,000	75,000,000	-	-	-	-	-	-
Pakistan Investment Bond - 5 years	-	75,000,000	75,000,000	-	-	-	-	-	-
Pakistan Investment Bond - 10 years	-	25,000,000	25,000,000	-	-	-	-	-	-
Total - March 31, 2011						103,306	104,236	930	0.31
Total - June 30, 2010						-	-	-	-

4 NET ASSET VALUE PER UNIT

The net asset value per unit disclosed on the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

5 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 / 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 (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, 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 has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 2.23 million in these condensed interim financial statements.

6 CASH AND CASH EQUIVALENTS

	Unaudited March 31, 2011	Audited June 30, 2010
	(Rupees in '000)	
Bank balances	37,542	66,796
Term deposit receipts	-	50,000
Treasury Bills	104,236	-
	141,778	116,796

7 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. The income of the Fund for the period is exempt from income tax under Clause 99 of Part 1 of the Second schedule to the Income Tax Ordinance, 2001.

8 EARNINGS / (LOSS) PER UNIT

Earnings / (loss) per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating loss per unit is not practicable.

9 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustee, directors and key management personnel and other associated undertakings.

9.1 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

9.2 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

	Unaudited			
	Nine months ended March 31		Quarter ended March 31	
	2011 (Rupees in '000)	2010	2011 (Rupees in '000)	2010

9.3 Details of the transactions with the connected persons during the period are as follows:

MCB Bank Limited				
- Dividend Received	-	94	-	42
- Profit received on saving accounts	528	1678	93	523
- Redemption of 1,000,000 units (2010: Nil units)	78,419	-	78,419	-
MCB Asset Management Company Limited				
- Remuneration of the Management Company	4,264	7,450	1,248	1,866
Central Depository Company of Pakistan Limited				
- Remuneration of the Trustee	569	993	167	248
- CDC settlement charges	40	92	14	23
Nishat Mills Limited				
- Dividend Received	573	419	-	-
D.G. Khan Cement Company Limited - Employee Provident Fund				
- Issue of 2,270 bonus units (2010: Nil units)	155	-	-	-
Siddiquisons Tin Plate Ltd-Staff Provident Fund				
- Issue of 2,221 bonus units (2010: Nil units)	151	-	-	-
Trustee Karachi Electric Provident Fund				
- Issue of 222,106 bonus units (2010: Nil units)	15,133	-	-	-
Capital Devopment Authority				
- Issue of 111,912 bonus units (2010: Nil units)	7,625	-	-	-
Hub Power Company Limited				
- Dividend Received	612	806	-	803
Habib Metropolitan Bank Limited				
- Issue of Nil units (2010: 237,818 units)	-	19,570	-	-
- Redemption of 237,819 units (2010: 250,000 units)	16,888	19,973	-	-
Key management personnel				
- Redemption of Nil units during the period (2009: 300 units)	-	21	-	-

	Unaudited March 31, 2011	Audited June 30, 2010
	Rupees in '000	
9.4 Amount outstanding as at period end		
MCB Bank Limited		
- Bank balances	8,764	17,567
- Profit receivable on saving accounts	78	104
- Nil units held as at March 31, 2011 (June 30, 2010: 1,000,000 units)	-	78,225
- 17,370 shares held by the Fund as at March 31, 2011 (June 30, 2010: 40,219 shares)	3,605	7,810
MCB Asset Management Company Limited		
- Remuneration payable to Management Company	421	497
- Sales load payable to Management Company	2	23
Central Depository Company of Pakistan Limited		
- Remuneration payable to Trustee	56	66
- CDC settlement charges	4	3
- Security Deposits	100	100
Capital Development Authority		
- 867,717 units held as at March 31, 2011 (June 30, 2010: 755,805 units)	69,985	59,123
D.G Khan Cement Company Limited - Employee Provident Fund		
- 17,605 units held as at March 31, 2011 (June 30, 2010: 15,335 units)	1,420	1,200
D.G Khan Cement Company Limited		
- Nil shares held by the Fund as at March 31, 2011 (June 30, 2010: 52,200 shares)	-	1,233
Siddique Sons Tin Plate Ltd-Staff Provident Fund		
- 17,221 units held as at March 31, 2011 (June 30, 2010: 15,000 units)	1,389	1,173
Hub Power Company Limited		
- 197,333 shares held by the Fund as at March 31, 2011 (June 30, 2010: 1,119,292 shares)	7,428	35,773
Nishat Mills Ltd		
- 120,146 shares held by the Fund as at March 31, 2011 (June 30, 2010: 221,671 shares)	7,808	9,558
Nishat Power Limited		
- 404,752 shares held by the Fund as March 31, 2011 (June 30, 2010: 817,031 shares)	6,929	8,121
Nishat (Chunuiyan) Limited		
- 205,000 shares held by the Fund as at March 31, 2011 (June 30, 2010: Nil shares)	5,875	-
Nishat Chunuiyan Power Limited		
- 298,415 shares held by the Fund as at March 31, 2011 (June 30, 2010: 379,456 shares)	4,703	3,772
Trustee Karachi Electric Provident Fund		
- 1,722,106 units held as at March 31, 2011 (June 30, 2010: 1,500,000 units)	138,895	177,338

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 27, 2011 by the Board of Directors of the Management Company.

11 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

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

**Yasir Qadri
 Chief Executive**

**M.U.A. Usmani
 Director**

MCB Cash Management Optimizer

MCB
Cash Management
OPTIMIZER

MCB CASH MANAGEMENT OPTIMIZER

ORGANIZATION

Management Company	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908
Board of Directors	Mian Mohammad Mansha / Chairman Ali Munir Mohammad Usman Ali Usmani S. Waliullah Shah Ahmed Jahangir Haroun Rashid Samir Iqbal Saigol Ismail Arif Rafi Yasir Qadri / Chief Executive Officer
Audit Committee	Ali Munir / Chairman S. Waliullah Shah / Member Ahmed Jahangir / Member
Chief Financial Officer & Company Secretary	Muhammad Saqib Saleem
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shara-e-Faisal Karachi-74400
Auditors	A. F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi. 74000
Legal Adviser	Bawany & Partners, Room No. 404, 4th Floor, Beaumont Plaza Beaumont Road, Civil Lines, Karachi.
Bankers	MCB Bank Limited United Bank Limited Allied Bank Limited Bank Alfalah Limited National Bank of Pakistan Faysal Bank Limited Standard Chartered Bank Limited
Transfer Agent	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908 E info@mcbamc.com.pk W www.mcbamc.com.pk

DIRECTOR'S REPORT

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Cash Management Optimizer's accounts review for the period of Nine Months ended March 31st 2011.

MARKET OVERVIEW

During the period under review, short term market rates largely remained at comfortable levels amid better liquidity scenario in the money market. However, towards the latter part of the period, market witnessed an uptrend in short term rates amid tight liquidity due to slower monetary growth and lack of OMO (injection) by the SBP. External account remained comfortable during the period with a mere Current Account Deficit of US\$ 98 million during 8M FY11 thereby improving the BOP position and taking the FX reserves to record levels of over US\$ 17.5 billion. Given stubborn inflation coupled with uncontrolled government borrowing from SBP and fiscal slippages during the initial part of the period, the State Bank of Pakistan increased its policy discount rate cumulatively by 150 bps to 14.0% till Nov'10. The Central Bank, however, preferred to keep its policy DR unchanged during the next two monetary policies due to a) sizeable retirement of government borrowing stock from SBP, b) contained monetary growth, c) lower headline inflation and d) comfortable external account amid higher remittances and export growth.

FUND PERFORMANCE

During the period under review, MCB Cash Management Optimizer (MCB CMOP) was able to perform reasonably well and hence grew to a size of over PKR 8.5 billion by the end of Mar'11. During the period under review, the fund generated an annualized return of 11.4% as against its benchmark return of 5.5%, an out performance of 5.9%. The fund remained significantly invested in short-end Treasury bills with a focus on adjusting its portfolio duration while also capitalizing on attractive TDR opportunities usually at quarter-ends. The fund's duration was strategically increased during the last quarter in the anticipation of no DR change, which eventually turned out to be favorable hence contributing towards better returns for the fund.

46

FUTURE OUTLOOK

We believe that the uprising in the MENA region as well as damages to the Japanese economy amid earthquake & Tsunami has shaken the global economy once again and its resultant impact on commodities prices – especially oil pose a key risk to the country's macroeconomic outlook. Although the government has been able to contain its borrowing from SBP to lower levels, their ability to do so going forward will be largely dependent on the realization of pledged foreign inflows. We believe that the realization of committed foreign flows as well as government's fiscal side reforms are key variables for dictating liquidity and interest rates direction going forward.

In a fast changing interest rate environment, the fund would deploy its assets in attractive low risk short duration instruments without compromising on liquidity.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

Yasir Qadri
Chief Executive Officer

April 27, 2011

MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2011

	Note	Unaudited March 31, 2011	Audited June 30, 2010
---(Rupees in '000)---			
ASSETS			
Bank balances		135,367	477,788
Investments	4	7,289,747	4,275,051
Loans and receivables	5	1,125,000	1,820,000
Other receivables		2,498	4,229
Preliminary expenses and floatation costs		3,498	4,249
Total assets		<u>8,556,110</u>	<u>6,581,317</u>
LIABILITIES			
Payable to the MCB Asset Management Company Limited - Management Company		11,234	11,589
Payable to the Central Depository Company of Pakistan Limited - Trustee		745	642
Annual Fee payable to the Securities and Exchange Commission of Pakistan		4,977	3,185
Payable against purchase of investments		-	9,951
Payable on redemption of units		-	18,893
Accrued and other liabilities		29,666	12,047
Total liabilities		<u>46,622</u>	<u>56,307</u>
NET ASSETS		<u>8,509,488</u>	<u>6,525,010</u>
Unit holders' fund (as per statement attached)		<u>8,509,488</u>	<u>6,525,010</u>
CONTINGENCIES AND COMMITMENTS	7		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		<u>83,420,315</u>	<u>64,039,551</u>
		(Rupees)	
NET ASSET VALUE PER UNIT	3.1	<u>102.01</u>	<u>101.89</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

**MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**

Note	Nine months ended March 31, 2011	For the period from September 7, 2009 to March 31, 2010.		Quarter ended March 31, 2011	Quarter ended March 31, 2010
		(Rupees in '000)	(Rupees in '000)		
INCOME					
Capital gain on sale of investments	263,934	1,387	91,264	1,703	
Income from government securities	407,072	135,861	138,591	99,781	
Profit on money market placement	5,373	49,315	1,507	26,701	
Profit on bank deposits and term deposit receipts	132,088	93,658	80,200	66,949	
	808,467	280,221	311,562	195,134	
Net unrealised appreciation on re-measurement of investments classified as ' financial assets at fair value through profit or loss'	33,520	2,895	18,258	4,192	
	841,987	283,116	329,820	199,326	
EXPENSES					
Remuneration of the MCB Asset Management Company Limited - Management Company	84,136	28,350	32,982	19,935	
Remuneration of Central Depository Company of Pakistan Limited - Trustee	6,795	2,841	2,120	1,906	
Annual fee - Securities and Exchange Commission of Pakistan	4,977	1,755	1,849	1,245	
Brokerage and settlement charges	1,540	679	789	279	
Amortisation of preliminary expenses and floatation costs	751	501	247	246	
Auditors' remuneration	666	425	205	240	
Other expenses	659	648	192	390	
	99,524	35,199	38,384	24,241	
Net income from operating activities	742,463	247,917	291,436	175,085	
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	795	101,723	22,759	52,822	
Provision for Workers' Welfare Fund	8 (14,865)	-	(6,284)	-	
Net income for the period before taxation	728,393	349,640	307,911	227,907	
Taxation	9 -	-	-	-	
Net income for the period after taxation	728,393	349,640	307,911	227,907	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	728,393	349,640	307,911	227,907	
Earnings per unit	3.2	-	-	-	

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

**Yasir Qadri
Chief Executive**

**M.U.A. Usmani
Director**

**MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011**

	Nine months ended March 31, 2011	For the period from September 7, 2009 to March 31, 2010.	Quarter ended March 31, 2011	Quarter ended March 31, 2010
	(Rupees in '000)		(Rupees in '000)	
Undistributed income brought forward				
- Realised income	118,268	-	207,428	123,030
- Unrealised Income	2,789	-	(38,014)	(1,297)
	<u>121,057</u>	<u>-</u>	<u>169,414</u>	<u>121,733</u>
Final distribution for the year ended June 30, 2010:				
On July 01, 2010 at Rs 1.8903 per unit				
- Cash distribution	(4,695)	-	-	-
- Bonus distribution	(116,359)	-	-	-
Interim distribution during the period ended March 31, 2011:				
On Jan 22, 2010 @ 3.3422 per unit				
- Cash distribution	-	(26,712)	-	(26,712)
- Bonus distribution	-	(190,816)	-	(190,816)
On October 18, 2010 at Rs 3.1651 per unit				
- Cash distribution	(19,128)	-	-	-
- Bonus distribution	(231,943)	-	-	-
On January 28, 2011 at Rs 3.1311 per unit				
- Cash distribution	(53,967)	-	(53,967)	-
- Bonus distribution	(255,899)	-	(255,899)	-
Profit during the current period	728,393	349,640	307,911	227,907
Undistributed income carried forward	<u>167,459</u>	<u>132,112</u>	<u>167,459</u>	<u>132,112</u>
Undistributed income comprising:				
- Realised income	133,939	129,217	133,939	129,217
- Unrealised income	33,520	2,895	33,520	2,895
	<u>167,459</u>	<u>132,112</u>	<u>167,459</u>	<u>132,112</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

**Yasir Qadri
Chief Executive**

**M.U.A. Usmani
Director**

MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Nine months ended March 31, 2011	For the period from September 7, 2009 to March 31, 2010.	Quarter ended March 31, 2011	Quarter ended March 31, 2010
	(Rupees in '000)		(Rupees in '000)	
Net assets at the beginning of the period	6,525,010	-	7,701,028	4,630,934
Issue of 119,027,752 (2010: 138,279,036) units and 44,985,567 (2010: 62,750,485) units for the nine months and quarter respectively	12,087,466	14,063,262	4,586,444	6,387,780
Issue of 6,042,008 and (2010: 1,908,160 bonus units for the nine months and quarter ended 2,558,990 units (2010: 1,908,160 units)	604,201	190,817	255,899	190,817
Redemption of 105,688,996 (2010: 73,945,571) units and 39,440,409 (2010: 43,509,022) units for the nine months and quarter respectively	(10,752,797)	(7,528,193)	(4,009,170)	(4,410,813)
	1,938,870	6,725,886	833,173	2,167,784
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(795)	(101,723)	(22,759)	(52,822)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	33,520	2,895	18,258	4,192
Other operating income	694,873	346,745	289,653	223,715
Net income for the period	728,393	349,640	307,911	227,907
Final distribution for the period ended June 30, 2010:				
On July 01, 2010 at Rs 1.8903 per unit (Jan 22, 2010 @ 3.3422 per unit)				
- Cash distribution	(4,695)	-	-	-
- Bonus distribution	(116,359)	-	-	-
Interim distribution for the period ended March 31, 2011:				
On Jan 22, 2010 @3.3422 per unit				
- Cash distribution		(26,712)		(26,712)
- Bonus distribution		(190,816)		(190,816)
On October 18, 2010 at Rs 3.1651 per unit				
- Cash distribution	(19,128)	-	-	-
- Bonus distribution	(231,943)	-	-	-
On January 28, 2011 at Rs 3.1311 per unit				
- Cash distribution	(53,966)	-	(53,966)	-
- Bonus distribution	(255,899)	-	(255,899)	-
Net assets at the end of the period	<u>8,509,488</u>	<u>6,756,275</u>	<u>8,509,488</u>	<u>6,756,275</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

Note	Nine months ended March 31, 2011	For the period		Quarter ended March 31, 2011	Quarter ended March 31, 2010
		from September 7, 2009 to March 31, 2010.			
		(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period before taxation	728,393	349,640	307,911	227,907	
Adjustments for non-cash charges and other items:					
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(33,520)	(72,044)	(17,474)	(69,196)	
Amortisation of preliminary expenses and floatation costs	751	501	247	246	
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(795)	(101,723)	(22,759)	(52,822)	
	694,829	176,374	267,925	106,135	
(Increase) / decrease in assets					
Investments - net	(2,991,127)	(5,821,992)	(5,485,590)	(3,005,936)	
Preliminary expenses and floatation cost	-	(5,000)	-	-	
Prepayments	-	(59)	-	(44)	
Other receivables	1,731	(20,155)	19,292	80	
	(2,989,396)	(5,847,206)	(5,466,298)	(3,005,900)	
Increase / (decrease) in liabilities					
Payable to the Management Company	(355)	7,174	2,054	3,101	
Payable to the Trustee	103	683	(69)	267	
Payable on redemption of units	(18,893)	-	-	-	
Annual Fee payable to the Securities and Exchange Commission of Pakistan	1,792	1,755	1,849	1,245	
Accrued and other liabilities	17,628	5,502	6,873	75	
	275	15,114	10,707	4,688	
Net cashflow used in operating activities	(2,294,292)	(5,655,718)	(5,187,666)	(2,895,077)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Net receipts from issue of units	12,087,466	14,063,262	4,586,444	6,387,780	
Net payments on redemption of units	(10,752,797)	(7,528,193)	(4,009,170)	(4,430,993)	
Cash dividend paid	(77,790)	(26,711)	(53,967)	(26,711)	
Net cash generated from financing activities	1,256,879	6,508,358	523,307	1,930,076	
Net increase / (decrease) in cash and cash equivalents during the period					
	(1,037,413)	852,640	(4,664,359)	(965,001)	
Cash and cash equivalents at the beginning of the period	2,297,788	-	5,924,734	1,817,641	
Cash and cash equivalents at the end of the period	6 1,260,375	852,640	1,260,375	852,640	

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

1 LEGAL STATUS AND NATURE OF BUSINESS

MCB Cash Management Optimizer (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 and was approved as an open end investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 30, 2009. It was constituted under a Trust Deed dated July 10, 2009 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC rules through certificate of registration issued by the SECP. MCB Bank Ltd and Arif Habib Corporation Ltd the sponsors of MCB Asset Management Co. Ltd and Arif Habib Investments Ltd respectively, have signed share holder agreement on January 20, 2011 for merger of both asset management companies. Subsequent to period end SECP, through their letter no. SCD/NBFC-II/MCBAMCL & AHIL/169/2011 dated April 13, 2011 have granted NOC for amalgamation of MCB Asset Management Company Limited with and into Arif Habib Investments Limited subject to all regulatory compliances and legal approvals. Arif Habib Investments Limited will technically be the surviving entity as a result of the merger and will be renamed. Accordingly the management of MCB Cash Management Optimizer will be assumed by the surviving entity.

The Fund is an open end mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange. The Fund is categorized as a Money market Scheme as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes.

The Fund is purely a money market fund and has a policy to invest in short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks, with a maximum maturity of 180 days and weighted average maturity upto 90 days. The objective of the fund is to provide competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2- (positive outlook) to the Management Company and a fund stability rating of AA+(f) to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (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 these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited.

2.3 The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

2.4 The comparative of condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the nine months period ended are not comparable as the Fund started its operation from September 07, 2010.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2010.

3.1 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.2 Earning / (loss) per unit

Earnings / (loss) per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating loss per unit is not practicable.

4 INVESTMENTS	Note	March 31, 2011	June 30, 2010
(Rupees in '000)			
Financial assets at fair value through profit or loss			
- held for trading - Investment in government securities	4.1	<u>7,289,747</u>	<u>4,275,051</u>

4.1 Financial assets at fair value through profit or loss - held for trading - Investment in government securities

Government securities	Face Value				Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2010	Purchased during the period	Disposed / Matured during the period	As at Mar 31, 2011	Carrying Value	Market value	Appreciation / (diminution)		
Rupees in '000									
Treasury Bills - 1 year	1,050,000	523,400	1,297,000	276,400	272,975	273,465	490	3.21	3.75
Treasury Bills - 6 month	3,243,000	2,682,000	3,680,000	2,245,000	2,122,772	2,118,995	(3,777)	24.90	29.07
Treasury Bills - 3 month	85,000	23,304,500	18,410,200	4,979,300	4,860,480	4,897,287	36,807	57.55	67.18
Total - March 31, 2011					<u>7,256,227</u>	<u>7,289,747</u>	<u>33,520</u>	<u>85.67</u>	<u>100.00</u>
Total: June 30 2010					<u>4,272,262</u>	<u>4,275,051</u>	<u>2,789</u>	<u>65.52</u>	<u>100.00</u>

5 LOANS AND ADVANCES

Term Deposit Receipt	5.1	<u>1,125,000</u>	<u>1,820,000</u>
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6 CASH AND CASH EQUIVALENT

Cash at Bank	135,367	349,640
Term Deposit Receipt	<u>1,125,000</u>	<u>503,000</u>
	<u>1,260,367</u>	<u>852,640</u>

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2011.

8 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 is alleged that 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 (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended 30 June 2010.

Subsequent to the year ended June 30, 2010, 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. As per the legal counsel who is handling the case, there is contradiction between the above referred clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs.26.139 million in these condensed interim financial statements.

9 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

10 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

10.1 Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustee, directors and key management personnel and other associated undertakings.

10.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

10.3 Remuneration payable to the Management Company and the fee payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

10.4 Transactions during the period

	Nine months ended March 31, 2011	For the period from September 7, 2009 to March 31, 2010.	Quarter ended March 31, 2011	Quarter ended March 31, 2010
	(Rupees in '000)		(Rupees in '000)	
Details of the Transactions with connected persons during the period are as follows:				
MCB Bank Limited				
Profit received on deposit accounts	2,218	830	563	556
MCB Asset Management Company Limited				
Remuneration of the Management Company	84,136	28,350	32,982	19,935
Issue of units Nil (Mar 2010: 1,000,000 Units)	-	100,000	-	-
Issue of bonus units 45,109: (Mar 2010: 16,913 units)	4,511	1,691	1,767	-
Redemption of units Nil (Mar 2010: 493,965 units)	-	50,000	-	-
MCB Asset Management Company Limited - Staff Provident Fund				
Issue of bonus units: 1000	100	-	39	-
Central Depository Company of Pakistan Limited-Trustee				
Fee charged during the period	6,795	2,841	2,120	1,906
Adamjee Insurance Company Limited				
Issue of units: 14,254,036 (Mar 2010: 30,364,265 Units)	1,450,000	3,111,339	300,000	200,000
Issue of bonus units 291,776: (Mar 2010: 475,086 units)	29,177	47,509	18,402	-
Redemption of units: 13,978,246 (Mar 2010: 22,080,906 units)	1,416,601	2,257,839	500,000	700,000
Adamjee Life Assurance Company Limited-Null Fund				
Issue of units: 45,670 (Mar 2010: Null units)	4,605	-	4,605	-
First Women Bank Limited				
Issue of bonus units: 4,009 (Mar 2010: 200,000 units)	401	20,000	-	-
Issue of bonus units: (Mar, 2010: 6,684 units)	-	668	-	-
Redemption of units: 216,086	22,273	-	-	-
Bank Al Habib Limited				
Issue of units : 345,977 (Mar, 2010: 7,341,129 units)	-	750,000	-	500,000
Cash Dividend	-	24,536	-	24,536

Adamjee Life Assurance Company Limited				
Issue of units: Nil (Mar 2010: 2,067,791 units)	-	211,552	-	18,000
Issue of bonus units: Nil (Mar: 2010 59,933 units)	-	5,993	-	5,993
Redemption of units: Nil (Mar 2010: 475,086 units)	-	215,112	-	215,112
Habib Metropolitan Bank Limited				
Issue of bonus units: 345,977	34,597	-	-	-
Issue of units: 4,963,102	501,657	-	200,903	-
Key Management Personnel				
Issue of units: 17,848 (Mar, 2010: 37,834 units)	1,805	3,863	1,575	936
Issue of bonus units: 1,530 (Mar, 2010: 934 units)	153	93	47	93
Redemption of units: 26,515 (Mar, 2010: 6,422 units)	2,705	652	1,852	652
			March 31	June 30
			2011	2010
10.5	Amount outstanding as at period end		(Rupees in '000)	
MCB Bank Limited				
Bank balance			12,027	105,951
Profit receivable on deposit accounts			77	373
MCB Asset Management Company Limited				
Remuneration payable to the Management Company			11,234	6,589
Units held: 581,700 (June 30, 2010: 536,593)			59,322	54,673
Central Depository Company of Pakistan Limited-Trustee				
Fee payable			745	642
MCB Asset Management Company Limited - Staff Provident Fund				
Units held: 12,899 (June 30, 2010: 11,899 units)			1,315	1,212
Adamjee Insurance Company Limited				
Units held: 2,121,538 (June 30, 2010: 1,553,975)			216,356	158,334
Adamjee Life Assurance Co. Ltd-Null Fund				
Units held: 45,670 (June 30, 2010: Nil units)			4,658	-
Key Management Personnel				
Units held : 16,980 (June 30, 2010: 30,051)			1,732	3,062
Habib Metropolitan Bank Ltd				
Units held : 10,230,542 (June 30, 2010: 4,921,473 units)			1,043,320	501,328

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 27, 2011 by the Board of Directors of the Management Company.

12 CORRESPONDING FIGURES

12.1 Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison. The following has been reclassified and disclosed in the income statement:

12.2 Discount on Government Securities amounting to Rs. 257.953 million from capital gain/loss on sale of investment and Rs. 42.735 million from unrealised Net unrealised appreciation are re-measurement of investment classified as financial asset at fair value. The profit and loss has been reclassified to Income from Govt. Securities.

13 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

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

**Yasir Qadri
 Chief Executive**

**M.U.A. Usmani
 Director**

MCB Sarmaya Mehfooz Fund 1

MCB
Sarmaya
mehfooz fund 1

MCB SARMAAYA MEHFOOZ FUND 1

ORGANIZATION

Management Company	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908
Board of Directors	Mian Mohammad Mansha / Chairman Ali Munir Mohammad Usman Ali Usmani S. Waliullah Shah Ahmed Jahangir Haroun Rashid Samir Iqbal Saigol Ismail Arif Rafi Yasir Qadri / Chief Executive Officer
Audit Committee	Ali Munir / Chairman S. Waliullah Shah / Member Ahmed Jahangir / Member
Chief Financial Officer & Company Secretary	Muhammad Saqib Saleem
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shara-e-Faisal Karachi-74400
Auditors	A. F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C, LI. Chundrigar Road, Karachi. 74000
Legal Adviser	Bawany & Partners, Room No. 404, 4th Floor, Beaumont Plaza Beaumont Road, Civil Lines, Karachi.
Bankers	MCB Bank Limited Bank Alfalah Limited
Transfer Agent	MCB Asset Management Company Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. T 92 21 32276900-907 F 92 21 32276908 E info@mcbamc.com.pk W www.mcbamc.com.pk

DIRECTOR'S REPORT

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Sarmaya Mehfooz Fund-1 accounts review for the period ended March 31st 2011.

MARKET OVERVIEW

During early part of the period under review, domestic macroeconomic indicators suffered a major blow in the form of country-wide floods where the equities market remained subdued during the initial months owing to the macroeconomic repercussions of the floods. Consistent interest of the foreign investors in emerging and frontier markets however, compelled local investors also to jump onto the bullish rally, with the KSE-100 Index generating a return of 21.5% during the period under review with a substantial portion coming in during the second quarter despite a cumulative rise of 150 bps in the Discount Rate during the first six months of the period. Although foreigners' selling during the initial part of the third quarter pulled the market down, maintenance of status-quo in Mar'11 monetary policy as well as expectations of a healthy results season kept the market largely unchanged during the 3Q FY11.

During the period under review, short term market rates largely remained at comfortable levels amid better liquidity scenario in the money market. However, towards the latter part of the period, market witnessed an uptrend in short term rates amid tight liquidity due to slower monetary growth and lack of OMO (injection) by the SBP.

FUND PERFORMANCE

The fund posted a return of 6.9% during the period under review as against its benchmark return of 5.9%, an out performance of 1.0%. For the capital protection, the fund kept a significant portion of around 89% in TDRs while keeping a marginal exposure in equities owing to near-term macroeconomic challenges. The fund, however, took active positions in equities market and preferred to book profits at reasonably attractive levels.

FUTURE OUTLOOK

On the equities side, concerns have been mounting over continued foreign portfolio investments in the local market as the developed markets, especially the US, have been attracting liquidity flows. Rising energy prices and the government's decision to absorb the impact may put further pressure on the already worsening fiscal side, for which sizeable foreign funding is needed. A healthy results season ahead may keep local investors' interests intact while the near-term macroeconomic challenges pose significant risks to your fund's equity strategy as it is close to its expiration.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

Yasir Qadri
Chief Executive Officer

April 27, 2011

MCB SARMAYA MEHFOOZ FUND 1
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2011

	Note	Unaudited March 31, 2011	Audited June 30, 2010
Rupees in '000			
ASSETS			
Bank balances		6,775	42,383
Investments	4	11,776	1,210
Loans and receivables		576,474	583,455
Profit receivable	5	51,222	4,281
Receivable against sale of investment		-	505
Other receivables		1,768	500
Security deposits and prepayments		2,610	2,619
Preliminary expenses and floatation cost		276	1,256
Total assets		650,901	636,209
LIABILITIES			
Payable to MCB Asset Management Company Limited - Management Company		1,235	4,702
Payable to Central Depository Company of Pakistan Limited - Trustee		111	65
Annual fee payable to Securities and Exchange Commission of Pakistan		360	25
Payable against purchase of investments		43	316
Accrued and other liabilities		1,358	732
Total liabilities		3,107	5,840
NET ASSETS		647,794	630,369
Unit holders' fund (as per statement attached)		647,794	630,369
CONTINGENCIES AND COMMITMENTS	6		
		Number of units	
NUMBER OF UNITS IN ISSUE		6,058,673	6,287,005
		Rupees	
NET ASSET VALUE PER UNIT	3.1	106.92	100.27

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

Note	Unaudited	
	Nine Months ended March 31, 2011	Quarter ended March 31, 2011
	Rupees in '000	
INCOME		
Capital gain on sale of investments	5,497	703
Dividend Income	169	155
Profit on bank deposits	726	387
Income from term deposit receipts	49,219	16,199
Income from back end load charged on redemption of units	1,269	503
Income from government securities	987	-
Other Income	147	43
	58,014	17,990
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		43
Total income	58,320	18,033
EXPENSES		
Remuneration of MCB Asset Management Company Limited - Management Company	10,807	3,578
Remuneration of Central Depository Company of Pakistan Limited - Trustee	961	318
Annual fee - Securities and Exchange Commission of Pakistan	360	119
Brokerage and settlement charges	610	180
Amortisation of preliminary expenses and floatation costs	980	322
Auditors' remuneration	313	69
Other expenses	631	314
	14,662	4,900
Net income from operating activities	43,658	13,133
Element of loss and capital losses included in the prices of units issued less those in units redeemed	(874)	(528)
	42,784	12,605
Provision for Workers' Welfare Fund	7 (855)	(251)
Net income for the period before taxation	41,929	12,354
Taxation	8 -	-
Net income for the period after taxation	41,929	12,354
Other comprehensive income for the period	-	-
Total comprehensive income for the period	41,929	12,354
Earnings per unit	3.2	

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

**Yasir Qadri
 Chief Executive**

**M.U.A. Usmani
 Director**

MCB SARMAYA MEHFOOZ FUND 1
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	Unaudited	
	Nine Months ended March 31, 2011	Quarter ended March 31, 2011
	Rupees in '000	
Undistributed income brought forward		
- Realised income	1,680	29,312
- Unrealised (loss) / income	(12)	263
	<u>1,668</u>	<u>29,575</u>
Final distribution for the year ended June 30, 2010 on July 01, 2010 on Rs 0.2654 per unit (Date of distribution: July 01, 2010) - Bonus distribution	(1,668)	-
Net income for the period after taxation	41,929	12,354
Undistributed income carried forward	<u>41,929</u>	<u>41,929</u>
Undistributed income comprising of :		
- Realised income	41,623	41,623
- Unrealised income	306	306
	<u>41,929</u>	<u>41,929</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

MCB SARMAYA MEHFOOZ FUND 1
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011



	———— Unaudited ————	
	Nine Months ended March 31, 2011	Quarter ended March 31, 2011
Net assets at beginning of the period	630,369	644,979
Issue of 16,686 bonus units	1,668	-
Redemption of 245,016 units and 99,800 units for the nine months and quarter respectively	(25,378)	(10,067)
	<u>606,659</u>	<u>634,912</u>
Element of loss and capital losses included in prices of units issued less those in units redeemed	874	528
Net unrealised appreciation / (diminution) on re-measurement of investment classified as "financial assets at fair value through profit or loss"	306	43
Other net operating income for the period	41,623	12,311
Net income for the period	41,929	12,354
Final distribution for the year ended June 30, 2010 at Rs 0.2654 per unit (Date of distribution: July 01, 2010) - Bonus distribution	(1,668)	-
Net assets as at the end of the period	<u><u>647,794</u></u>	<u><u>647,794</u></u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director

	----- Unaudited -----	
	Nine Months ended March 31, 2011	Quarter ended March 31, 2011
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period before taxation	41,929	12,354
Adjustments for non-cash charges and other items:		
Dividend income	(169)	(155)
Net unrealised (appreciation) / diminution on remeasurement of investment classified as "financial assets at fair value through profit or loss"	(306)	(43)
Amortisation of preliminary expenses and floatation costs	980	322
Element of loss and capital losses included in the prices of units issued less those in units redeemed	874	528
	43,308	13,006
(Increase) / decrease in assets		
Investments - net	(10,028)	(1,017)
Loans and receivables	6,981	6,981
Other receivables	(1,268)	(1,253)
Profit receivable	(46,941)	(15,803)
Security deposits and prepayments	9	1,110
	(51,247)	(9,982)
Increase / (decrease) in liabilities		
Payable to MCB Asset Management Company Limited - Management Company	(3,467)	3
Payable to Central Depository Company of Pakistan Limited - Trustee	46	2
Annual fee payable to Securities and Exchange Commission of Pakistan	335	119
Accrued and other liabilities	626	166
	(2,460)	290
Dividend income received	169	155
Net cash from operating activities	(10,230)	3,469
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on redemption of units	(25,378)	(10,067)
Net cash outflow from financing activities	(25,378)	(10,067)
Net (decrease) / increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	(35,608)	(6,598)
	42,383	13,373
Cash and cash equivalents at the end of the period	6,775	6,775

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Sarmaya Mehfooz Fund 1 (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and was approved as an Collective investment scheme by the Securities and Exchange Commission of Pakistan (SECP) on March 12, 2010. It was constituted under a Trust Deed dated September 16, 2008 amended by a Supplemental Trust Deed dated February 25, 2010 between MCB Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984. The registered office of Management Company is situated at 8th Floor, Techno city Corporate Tower, Hasrat Mohani Road, Karachi.
- 1.2 The Management Company of the Fund has been licensed to act as Asset Management Company under the NBFC rules through certificate of registration issued by the SECP. The management company of the fund has been licensed to act as Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. MCB Bank Ltd and Arif Habib Corporation Ltd the sponsors of MCB Asset Management Co. Ltd and Arif Habib Investments Ltd respectively, have signed share holder agreement on January 20, 2011. Subsequent to period end SECP, through their letter no. SCD/NBFC-II/MCBAMCL & AHIL/169/2011 dated April 13, 2011 have granted NOC for amalgamation of MCB Asset Management Company Limited with and into Arif Habib Investments Limited subject to all regulatory compliances and legal approvals. Arif Habib Investments Limited will technically be the surviving entity as a result of the merger and will be renamed. Accordingly the management of MCB Sarmaya Mehfooz Fund 1 will be assumed by the surviving entity.
- 1.3 The Fund is a capital protected open ended mutual fund, the units of which are listed on the Lahore Stock Exchange. The units of the Fund may be redeemed subject to a Back-end Load. In order to protect the interest of unit holders', the Fund shall remained closed for further investment.
- 1.4 According to the offering document dated June 03, 2010, the duration of the Fund is three hundred and seventy days following the last day of initial offering period which was June 11, 2010. The Fund will automatically dissolve after the aforementioned period. After the said dissolution, the units of the Fund shall stand automatically redeemed within thirty days of the close of the minimum period at the redemption price which shall be determined by the Management Company after completion of the realisation of all investments. The management has not prepared these financial statements on a going concern basis as the Fund has been established for a specific period and will continue its operations till the end of that period. Further, the management has assessed that, except for preliminary expenses and floatation cost, which will be amortised over the life of the Fund, this has not resulted in any impact on the carrying amount of the assets and the liabilities of the Fund as those are already stated at the amounts expected to be realised or paid in accordance with the accounting policies of the Fund.
- 1.5 The principal activity of the Fund is to invest in deposits with commercial banks and in equity securities. The Fund is a capital protected fund with the objective to protect the Initial Investment value of investors at maturity with secondary objective of providing growth over the period.
- 1.6 The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of "AM2- with positive outlook" to the Management Company and a capital protection rating of "AA+ (CP)" to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (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 these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

- 2.2 These condensed interim financial statements are unaudited. The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.
- 2.3 The comparative of condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have not been presented in the financial statements as the fund started its operations from February 23, 2010.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2010.

3.1 Net Asset Value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.2 Earning / (loss) per unit

Earnings / (loss) per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating loss per unit is not practicable.

Note	Unaudited March 31, 2011	Audited June 30, 2010
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4 INVESTMENTS

Financial assets at fair value through profit or loss - Listed equity securities

4.1	11,776	1,210
	<u>11,776</u>	<u>1,210</u>

4.1 Financial assets carried at fair value through profit or loss - held for trading

Shares of listed companies - Fully paid up ordinary shares of Rs 10 each unless otherwise stated

Name of investee company	Number of shares					Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paidup capital of the investee company
	As at July 1, 2010	Purchases during the period	Bonus shares	Sales during the period	As at March 31, 2011	Cost	Market value	Unrealised gain / (loss)			
(Rupees in'000)											
Construction & Materials											
Lucky Cement Limited	-	15,000	-	15,000	-	-	-	-	-	-	
D/G Khan Cement Company Limited	-	17,500	-	17,500	-	-	-	-	-	-	
Banks											
Habib Bank Limited	-	10,000	-	10,000	-	-	-	-	-	-	
National Bank of Pakistan	10,000	133,000	3,000	143,000	3,000	185	171	(14)	0.03	1.45	
Allied Bank Limited	-	(8,000)	574	8,000	574	38	34	(3)	0.01	0.29	
MCB Bank Limited	-	27,500	-	27,500	-	0	(0)	-	-	-	
United Bank Limited	-	30,000	-	30,000	-	(0)	-	-	-	-	
						<u>223</u>	<u>205</u>	<u>(18)</u>	<u>0.03</u>	<u>1.74</u>	
Electricity											
Hub Power Company Limited	10,000	18,000	-	28,000	-	-	-	-	-	-	
Kof Aada Power Company Limited	-	5,000	-	5,000	-	-	-	-	-	-	
Nisat Chunian Power Limited	-	610,547	-	447,950	162,597	2,443	2,563	119	0.40	21.76	
Nisat Power Limited	25,000	1,555,161	-	1,580,161	-	-	-	-	-	-	
						<u>2,443</u>	<u>2,563</u>	<u>119</u>	<u>0.40</u>	<u>21.76</u>	
Oil and Gas											
Attock Petroleum Limited	-	9,000	-	9,000	-	-	-	-	-	-	
Pakistan Oil Fields Limited	-	38,510	-	38,510	-	-	-	-	-	-	
Oil & Gas Development Corporation	-	2,000	-	2,000	-	-	-	-	-	-	
Pakistan Petroleum Limited	-	30,500	-	30,500	-	-	-	-	-	-	
Pakistan State Oil Company Limited	-	121,438	-	117,438	4,000	1,107	1,110	3	0.17	9.43	
						<u>1,107</u>	<u>1,110</u>	<u>3</u>	<u>0.17</u>	<u>9.43</u>	
Chemicals											
Enoro Corporation Limited	-	32,500	-	14,500	18,000	3,571	3,704	133	0.57	31.46	
Faisal Fertilizer Sin Qasim Limited	-	10,500	-	10,500	-	-	-	-	-	-	
L/CJ Pakistan Ltd.	-	3,000	-	3,000	-	-	-	-	-	-	
Lotte Pakistan Limited	-	540,000	-	440,000	100,000	1,574	1,614	40	0.25	13.71	
						<u>5,145</u>	<u>5,318</u>	<u>173</u>	<u>0.82</u>	<u>45.16</u>	
Personal goods											
Nisat (Chunian) Limited	-	155,916	-	65,916	90,000	2,551	2,580	29	0.40	21.91	
Nisat Mills Limited	-	86,500	-	86,500	-	-	-	-	-	-	
						<u>2,551</u>	<u>2,580</u>	<u>29</u>	<u>0.40</u>	<u>21.91</u>	
Total - March 31, 2011						<u>11,469</u>	<u>11,776</u>	<u>306</u>	<u>1.82</u>	<u>100</u>	
Total - June 30, 2010						<u>1,222</u>	<u>1,210</u>	<u>(12)</u>	<u>19.00</u>		

4.2 Investment in government securities

Name of security	Face Value					Balance as at March 31, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2010	Purchased during the year	Disposed of during the year	Matured during the year	As at March 31, 2011	Carrying value	Market value	Appreciation / (diminution)		

(Rupees in '000')										
Treasury Bill - 3 months	-	95,000	35,000	60,000	-	-	-	-	-	-
Total - March 31, 2011										
Total - June 30, 2010										

Unaudited March 31, 2011	Audited June 30, 2010
Rupees in '000	

5 Profit Receivable

Income accrued on term deposit receipts	51,089	2,359
Profit receivable on saving deposits	133	1,922
	<u>51,222</u>	<u>4,281</u>

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2011.

7 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 is alleged that 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 (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, 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. As per the legal counsel who is handling the case, there is contradiction between the above referred clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 0.889 million in these condensed interim financial statements.

8 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

9 TRANSACTIONS WITH CONNECTED PERSONS

9.1 Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustee, directors and key management personnel and other associated undertakings.

9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

9.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

	----- Unaudited ----- Nine months ended March 31, 2011	Quarter ended March 31, 2011
	Rupees in '000	
Details of the transactions with the connected persons during the period are as follows:		
MCB Bank Limited		
- Profit received on saving accounts	1,943	9
- TDR Encashment	6,981	
- Profit on TDR Encashment	489	489
- Penalty paid on TDR Encashment	175	-
MCB Asset Management Company Limited		
- Remuneration of the Management Company	10,807	3,578
- Issue of 1,346 bonus units	135	-
- Payment made in respect of formation cost and reimburseable expenses	3,966	-
Central Depository Company of Pakistan Limited		
- Remuneration of the Trustee	961	318
Adamjee insurance Company Limited		
- Issue of 404 bonus units	40	-
MCB Employees Pension Fund		
- Issue of 1,350 bonus units	135	-
	Unaudited	Audited
	March 31,	June 30,
	2011	2010
	Rupees in '000	
Amount outstanding as at period end		
MCB Bank Limited		
- Bank balances	292	283
- Profit receivable on saving accounts	2	1,853
- Term Deposit receipts	576,474	583,455
- Profit receivable on term deposit receipts	51,089	2,359
MCB Asset Management Company Limited		
- Remuneration payable to Management Company	1,235	736
- Investment held in the Fund - 508,527 units (June 30, 2010: 507,181)	54,372	50,853
- Formation Cost payable	-	1,331
- Security Deposit Payable	-	2,600
- Other	-	35
Adamjee insurance Company Limited		
- Investment held in the Fund - 152,789 units (June 30, 2010: 152,385)	16,336	15,279
Hub Power Company Limited		
- Nil shares held by the Fund (June 30, 2010: 10,000)	-	320
Nishat Power Limited		
- Nil shares held by the Fund (June 30, 2010: 25,000)	-	249
Nishat (Chunian) Power Limited		
- 162,597 shares held by the Fund (June 30, 2010: Nil)	2,563	-
Nishat (Chunian) Limited		
- 90,000 shares held by the Fund (June 30, 2010: Nil)	2,551	-
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	110	65
- Security deposit	100	100
MCB Employees Pension Fund		
- Investment held in the Fund - 509,975 units (June 30, 2010: 508,625)	54,527	50,997

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 27, 2011 by the Board of Directors of the Management Company.

11 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and better presentation.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

For MCB Asset Management Company Limited
(Management Company)

Yasir Qadri
Chief Executive

M.U.A. Usmani
Director



NATIONWIDE NETWORK



INVESTOR SERVICES



NAV SMS \ eMAIL



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