

HALF YEARLY REPORT
For the Year Ended
December 31, 2010

UP COMING

PRE►IPO



MCB
Dynamic
CASH FUND

MCB
Dynamic
STOCK FUND

MCB
Dynamic
ALLOCATION FUND

MCB
Cash Management
OPTIMIZER

MCB
Sarmaya
mehfooz fund 1

SHAPING INVESTMENTS



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MCB Dynamic Cash Fund

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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, L.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 Bank Al Habib Limited NIB Bank Limited Bank Alfalah Limited Habib Metropolitan Bank 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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Cash Fund's accounts review for the first half ended December 31st 2010.

MARKET OVERVIEW

During the period under review, short term market rates remained at comfortable levels amid better liquidity scenario in the money market. 1-month KIBOR, on the other hand, went up by 43 bps to 12.5% as compared to 12.1% during the previous half owing to rising policy discount rate. Despite tight monetary stance taken by the State Bank of Pakistan, rising fiscal deficit has caused significant monetary expansion almost throughout the period taking the YTD M2 growth level to around 9.5%. Stubborn inflation remained a major cause of concern with 1H FY11 CPI inflation averaging at 14.6% owing to higher commodities prices and supply-side issues. External account, on the other hand, continued to depict a positive trend courtesy contained trade deficit and higher remittances and other transfers. Improving trend in external account has taken NDA/NFA ratio to a better level as compared to Jun'10 thereby taking pressure off the exchange rate.

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

FUND PERFORMANCE**04**

During the period under review, the fund generated an annualized return of 12.3% as against its benchmark return of 12.5%, a marginal underperformance of 0.2%. 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 Dec-quarter end. The fund has kept its exposure towards TFCs largely unchanged with a continued focus on the asset quality of the portfolio.

FUTURE OUTLOOK

Macroeconomic indicators are depicting a mixed trend with real economy, fiscal account and inflationary pressures continued to haunt the economic managers while external account remained a comfortable territory courtesy rising exports amid better cotton prices as well as record-high level of workers' remittances. The State Bank of Pakistan has maintained a tight monetary stance during the period under review with 3 successive DR hikes of 50 bps each; we believe that further rate hike would be dependent on the inflationary outlook as well as fiscal balance & its funding profile. Moreover, continuation of IMF program and timely materialization of pledged foreign inflows are also critical for the improvement in macro-indicators 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.

DIRECTOR'S REPORT



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

January 28, 2011

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

The MCB Dynamic Cash Fund (the Fund), an open-end fund was established under a trust deed dated November 09, 2006, executed between MCB Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2010 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

For the purpose of information the attention of the unit holders is drawn towards the directives of the Securities and Exchange Commission of Pakistan issued vide Circulars # 1 of 2009 and 3 of 2010, which require that the debt securities shall only be reclassified as performing on receipt of all arrears i.e. principal as well as interest for the next two installments. The sukkuk certificates of Maple Leaf Cement Factory Limited were classified as performing in September, 2010 based on restructured plan approved in February, 2010.

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The Management Company, while complying the same has reclassified these sukkuk certificates as performing, however, has not accrued the mark - up (till December 31, 2010) completely. The Management Company, adopting prudent approach on the basis of their assessment of losses and future liquidity problems the issuer may face, is of the view that the markup should be recorded on receipt basis

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 25, 2011

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Dynamic Cash Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Management Company (MCB Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

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

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Fergusons & Co.
Chartered Accountants
January 28, 2011
Karachi

MCB DYNAMIC CASH FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT DECEMBER 31, 2010



	Note	Unaudited December 31, 2010 (Rupees in '000)	Audited June 30, 2010 (Rupees in '000)
ASSETS			
Balances with banks		1,777,118	328,095
Investments	4	3,317,055	5,659,187
Dividend and other receivables	5	94,833	73,743
Receivable against sale of investments		-	174,249
Security deposits and prepayments		2,722	3,834
Preliminary expenses and floatation costs		2,668	3,828
Total assets		5,194,396	6,242,936
LIABILITIES			
Payable to MCB Asset Management Company Limited - Management Company		6,909	7,030
Payable to the Central Depository Company of Pakistan Limited - Trustee		546	551
Annual fee payable to the Securities and Exchange Commission of Pakistan		2,219	6,229
Payable against redemption of units		1,475	15,348
Payable against purchase of investments		-	205,583
Accrued expenses and other liabilities	6	44,097	37,886
Total liabilities		55,246	272,627
NET ASSETS		5,139,150	5,970,309
Unit holders' fund (as per statement attached)		5,139,150	5,970,309
CONTINGENCIES AND COMMITMENTS			
	7	(Number of units)	
NUMBER OF UNITS IN ISSUE		49,187,777	57,729,092
		(Rupees)	
NET ASSET VALUE PER UNIT	3.3	104.48	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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Note	Half year ended December 31 2010	2009	Quarter ended December 31 2010	2009
(Rupees in '000)					
INCOME					
Capital gain on sale of investments		77,019	51,261	71,733	61,471
Profit on bank deposits and term deposit receipts		23,644	137,353	7,844	43,239
Income from money market placements		2,497	93,353	2,369	25,643
Income from term finance certificates		141,545	216,492	70,735	101,533
Income from government securities		140,038	145,444	65,715	51,799
		384,743	643,903	218,396	283,685
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	4.1.6	(27,813)	(4,074)	(43,705)	24,188
Total income		356,930	639,829	174,691	307,873
EXPENSES					
Remuneration of MCB Asset Management Company Limited - Management Company		44,377	80,219	21,787	38,033
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,463	5,852	1,705	2,787
Annual fee - Securities and Exchange Commission of Pakistan		2,219	4,011	1,089	1,902
Financial charges		-	281	-	281
Brokerage and settlement charges		1,101	1,047	490	330
Amortisation of preliminary expenses and floatation costs		1,160	1,160	580	580
Auditors' remuneration		497	412	241	229
(Reversal) / Provision against debt securities	4.1.7	(54,748)	(23,055)	7,503	(4,806)
Other expenses		500	785	177	327
Total expenses		(1,431)	70,712	33,572	39,663
Net income from operating activities		358,361	569,117	141,119	268,210
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed		(22,607)	(137,180)	(25,275)	(127,073)
Provision for Workers' Welfare Fund	11	(6,715)	-	(2,317)	-
Net income / (loss) for the period before taxation		329,039	431,937	113,527	141,137
Taxation	8	-	-	-	-
Net income for the period after taxation		329,039	431,937	113,527	141,137
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		329,039	431,937	113,527	141,137
Earnings per unit	3.4				

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
	(Rupees in '000)			
Undistributed income brought forward				
- Realised income	386,170	504,099	402,104	491,940
- Unrealised loss	(188,774)	(212,367)	(126,849)	(201,140)
	<u>197,396</u>	<u>291,732</u>	<u>275,255</u>	<u>290,800</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)	-	(58,242)
- Bonus distribution	-	(180,536)	-	(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 half year ended December 31, 2010 at Rs 2.7051 per unit (Date of distribution October 18, 2010)				
- Cash distribution	(18,293)	-	(18,293)	-
- Bonus distribution	(139,560)	-	(139,560)	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealised income	(8,541)	-	(10,558)	-
Net income for the period after taxation	<u>329,039</u>	<u>431,937</u>	<u>113,527</u>	<u>141,137</u>
- Realised income	398,867	399,184	398,867	399,184
- Unrealised loss	(178,496)	(206,025)	(178,496)	(206,025)
Undistributed income carried forward	<u><u>220,371</u></u>	<u><u>193,159</u></u>	<u><u>220,371</u></u>	<u><u>193,159</u></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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
	(Rupees in '000)			
Net assets at beginning of the period	5,970,309	9,487,169	6,249,857	11,723,711
Issue of 25,545,361 units (2009: 72,859,309 units) and 6,346,849 units (2009: 21,964,693 units) for the six months and quarter respectively	2,613,942	7,406,536	636,858	2,247,912
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 1,374,977 bonus units in respect of interim distribution for the half year ended December 31, 2010 (2009: 1,788,002 bonus units)	139,560	180,536	139,560	180,536
Redemption of 36,578,685 units (2009: 112,628,200 units) and 18,280,035 units (2009: 81,920,350 units) for the six months and quarter respectively	(3,751,604)	(11,522,341)	(1,868,074)	(8,396,468)
	(885,282)	(3,740,653)	(1,091,656)	(5,968,020)
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	22,607	137,180	25,275	127,073
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	8,541	-	10,558	-
	31,148	137,180	35,833	127,073
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	(8,541)	-	(10,558)	-
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(27,813)	(4,074)	(43,705)	24,188
Income from other operating activities	356,852	436,011	157,232	116,949
Net income for the period	329,039	431,937	113,527	141,137
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 half year ended December 31, 2010 at Rs 2.7051 (2009: Rs 2.00) per unit				
- Cash distribution	(18,293)	(58,242)	(18,293)	(58,242)
- Bonus distribution	(139,560)	(180,536)	(139,560)	(180,536)
Net assets as at the end of the period	5,139,150	5,785,123	5,139,150	5,785,123

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Note	Half year ended December 31 2010	2009	Quarter ended December 31 2010	2009
		(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income before taxation		329,039	431,937	113,527	141,137
Adjustments					
Profit on bank deposit and term deposit receipts		(23,644)	(137,353)	(7,844)	(43,239)
Net unrealised (diminution) in the fair value of investments classified as 'financial assets at fair value through profit or loss'		27,813	4,074	43,705	(24,188)
Amortisation of preliminary expenses and floatation costs		1,160	1,160	580	580
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		22,607	137,180	25,275	127,073
		356,975	436,998	175,243	201,363
Working capital changes					
(Increase)/decrease in assets					
Investments - net		2,092,569	11,997	871,769	5,311,649
Security deposits and prepayments		1,112	(40)	54	40
Receivable against sale of investment		174,249	-	94,139	13,945
Dividend and other receivables		(18,373)	134,886	15,804	363,799
		2,249,557	146,843	981,766	5,689,433
Increase/(decrease) in liabilities					
Payable to MCB Asset Management Company Limited - Management Company		(121)	2,854	(895)	(4,389)
Payable to the Central Depository Company of Pakistan Limited - Trustee		(5)	(69)	(56)	(291)
Annual fee payable to the Securities and Exchange Commission of Pakistan		(4,010)	(5,981)	1,089	(8,090)
Payable against purchase of investments		(205,583)	9,942	-	9,942
Accrued expenses and other liabilities		6,211	56	(2,849)	(325)
		(203,508)	6,802	(2,711)	(3,153)
Profit received on bank deposit and term deposits		20,927	199,844	3,813	68,009
Net cash inflow from operating activities		2,423,951	790,487	1,158,111	5,955,652
CASH FLOWS FROM FINANCING ACTIVITIES					
Net receipt against issue of units		2,613,942	7,406,536	636,858	2,247,912
Net payments on redemption of units		(3,765,477)	(11,504,879)	(1,866,599)	(8,381,567)
Cash distributions during the period		(45,143)	(155,358)	(18,293)	(58,242)
Net cash from financing activities		(1,196,678)	(4,253,701)	(1,248,034)	(6,191,897)
Net (decrease) / increase in cash and cash equivalents during the period					
		1,227,273	(3,463,214)	(89,923)	(236,245)
Cash and cash equivalents at beginning of the period	10	1,450,900	4,554,643	2,768,096	1,327,674
Cash and cash equivalents as at December	10	2,678,173	1,091,429	2,678,173	1,091,429

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 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 registered office of the Management Company is situated at the 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

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-" 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. However, a limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

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 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan, that are not yet effective

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on Fund's operations and are therefore not detailed in these condensed interim financial statements.

3.3 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.

3.4 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.

		Unaudited December 31, 2010	Audited June 30, 2010
	Note	Rupees in '000	
4 INVESTMENTS			
Financial assets at fair value through profit or loss	4.1	2,520,966	4,829,187
Loans and receivables	4.2	796,089	830,000
		<u>3,317,055</u>	<u>5,659,187</u>
4.1 Financial assets at fair value through profit or loss			
Listed debt securities	4.1.1	1,293,225	1,333,526
Unlisted debt securities	4.1.2	566,295	1,003,581
Government securities	4.1.5	735,340	2,620,722
		2,594,860	4,957,829
Less: Provision against term finance certificates			
- Listed	4.1.3	16,677	-
- Unlisted	4.1.4	57,217	128,642
		<u>73,894</u>	<u>128,642</u>
		<u>2,520,966</u>	<u>4,829,187</u>

MCB DYNAMIC CASH FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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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 December 31, 2010			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 December 31, 2010	Carrying value	Market value	Appreciation / (diminution)			
-----Rupees in '000-----											
Commercial banks											
Allied Bank Limited (December 6, 2006, issue)	13,300	-	-	-	13,300	63,121	65,218	2,097	1.27	1.97	
Askari Bank Limited (February 4, 2005, issue)	5,930	-	-	-	5,930	28,983	29,419	436	0.57	0.89	
Askari Bank Limited (November 18, 2009, issue)	42,000	-	-	11,000	31,000	152,510	157,262	4,752	3.06	4.74	
Bank Alfalah Limited (November 23, 2004, issue)	-	8,079	-	-	8,079	40,004	39,834	(170)	0.78	1.20	
Faysal Bank Limited	7,515	-	-	-	7,515	36,171	36,396	225	0.71	1.10	
NIB Bank Limited	60,397	17,999	-	25,000	53,396	255,367	259,620	4,253	5.05	7.83	
Royal Bank of Scotland	300	-	-	-	300	1,114	1,117	3	0.02	0.03	
Soneri Bank Limited	4,000	-	-	-	4,000	19,200	19,611	411	0.38	0.59	
Standard Chartered Bank (Pakistan) Limited	-	10,000	-	-	10,000	47,539	47,870	331	0.93	1.44	
United Bank Limited (February 14, 2008, issue)	34,900	50,161	-	4,500	80,561	377,914	382,849	4,935	7.45	11.54	
United Bank Limited (September 8, 2006, issue)	15,000	-	-	-	15,000	73,874	74,757	883	1.45	2.25	
Fertilizer											
Engro Chemical Pakistan Limited (November 30, 2007, issue)	162	-	-	-	162	793	793	-	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	26,412	26,412	-	0.51	0.80	
Technology & Communication											
World Call Telecom Limited	41,000	-	-	4,000	37,000	146,778	152,067	5,289	2.96	4.58	
Investment Bank											
Jahangir Siddiqui and Company Limited (September 30, 2005, issue)	8,000	-	8,000	-	-	-	-	-	-	-	
Total - December 31, 2010	282,504	86,239	8,000	84,500	276,243	1,269,780	1,293,225	23,445	25.16	36.98	
Total - June 30, 2010	320,752	401,989	-	440,237	282,504	1,320,621	1,333,526	12,905	22.34	23.56	

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 December 31, 2010			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 December 31, 2010	Carrying value	Market value			Appreciation / (diminution)
-----Rupees in '000-----										
Bank Al Habib Limited TFC	4,900	-	-	4,000	900	4,601	4,503	(98)	0.09	0.14
Bank Alfalah Limited TFC (June 15, 2009, issue)	40,000	-	-	32,500	7,500	35,229	37,873	2,644	0.74	1.14
Engro Chemical Pakistan Limited - Perpetual	51,679	-	-	40,760	10,919	48,719	48,317	(402)	0.94	1.46
Engro Chemical Pakistan Limited - Sukuk	1,400	-	-	1,400	-	-	-	-	-	-
Jahangir Siddiqui Company Limited	24,000	-	-	-	24,000	116,993	117,046	53	2.28	3.53
JDW Sugar Mills Limited	15,000	-	-	-	15,000	54,056	55,214	1,158	1.07	1.66
KASHF Foundation TFC	14,000	-	14,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited I	71,000	-	-	-	71,000	265,987	215,903	(50,084)	4.20	6.51
Maple Leaf Cement Factory Limited II	2,662	-	-	-	2,662	13,310	9,274	(4,036)	0.18	0.28
New Allied Electronics Industries (Pvt) Limited	10,400	-	-	-	10,400	22,332	21,983	(349)	0.43	0.66
New Allied Electronics Industries (Pvt.) Limited - Sukuk	112,000	-	-	-	112,000	35,234	35,234	-	0.69	1.06
Security Leasing Corporation Limited Sukuk	5,000	-	-	-	5,000	9,033	9,522	489	0.19	0.29
Security Leasing Corporation Limited PPTFC	10,000	-	-	-	10,000	10,840	11,426	586	0.22	0.34
Total - December 31, 2010	362,041	-	14,000	78,660	269,381	616,334	566,295	(50,039)	11.03	17.07
Total - June 30, 2010	406,400	122,409	-	166,768	362,041	1,046,943	1,003,581	(43,362)	16.80	17.72

MCB DYNAMIC CASH FUND

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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4.1.3 This represents provision against term finance certificates (TFC) of Saudi Pak Leasing Company Limited. The Fund did not receive the principal redemption of Rs 6.248 million on September 13, 2010. However, subsequently, principal redemptions of Rs. 0.870 million were received till the period end. The management has recognised an impairment loss of Rs 16.677 million during the period ended December 31, 2010. The minimum amount of provision required as per SECP circular 01 of 2009 amounts to Rs 5.377 million. However, as a matter of prudence, the management has recognised an additional amount of provision of Rs 11.3 million based on the provision policy approved by the Board of Directors. The income suspended on these term finance certificates amounted to Rs 3.538 million.

4.1.4 This represents provision against privately placed term finance certificates (TFC) and sukuk bonds of New Allied Electronics Industries (Pvt.) Limited. The Fund did not receive the principal and profit payments of term finance certificates due on November 15, 2008, February 15, 2009, May 15, 2009, August 15, 2009, November 15, 2009, February 15, 2010, May 15, 2010, August 15, 2010 and November 15, 2010. The principal and profit payments of sukuk bonds which were due on October 25, 2008, January 25, 2009, April 25, 2009, July 25, 2009, October 25, 2009, January 25, 2010, April 25, 2010, July 25, 2010 and October 25, 2010 were also not received by the Fund.

During the current period, the Fund has received Rs 2.572 million as principal repayments in respect of above mentioned term finance certificates (TFC).

The management has recognised an impairment loss amounting to Rs 57.217 million till December 31, 2010 which represents the full amount of the Fund's investment in TFC and sukuk, in accordance with the comprehensive provisioning policy duly approved by the Board of Directors. In addition, the income accrued on these term finance certificates and sukuk bonds has also been reversed by the management.

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

Name of investee company	Face Value				Balance as at December 31, 2010				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 December 31, 2010	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in '000-----										
Treasury Bills - 1 year	644,000	2,200,000	1,715,000	1,105,000	24,000	23,083	23,312	229	0.45	0.70
Treasury Bills - 6 months	1,650,000	1,703,000	2,375,000	778,000	200,000	198,299	198,178	(121)	3.86	5.97
Treasury Bills - 3 months	295,000	9,057,000	8,381,000	881,000	90,000	87,969	89,180	1,211	1.74	2.69
National Saving Bonds	99,900	-	-	-	99,900	99,900	99,900	-	1.94	3.01
Pakistan Investment Bonds - 10 years	-	325,000	25,000	-	300,000	302,630	300,117	(2,513)	5.84	9.05
Pakistan Investment Bonds - 05 years	-	50,000	50,000	-	-	-	-	-	-	-
Pakistan Investment Bonds - 03 years	-	100,000	75,000	-	25,000	24,678	24,653	(25)	0.48	0.74
Total - December 31, 2010	2,688,900	13,435,000	12,621,000	2,764,000	738,900	736,559	735,340	(1,219)	14.31	22.16
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	38.42

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

	Note	Unaudited December 31, 2010 (Rupees in '000)	Audited June 30, 2010
Market Value of investment	4.1.1, 4.1.2, 4.1.5	2,594,860	4,957,829
Carrying Value of investment	4.1.1, 4.1.2, 4.1.5	2,622,673	4,991,133
		<u>(27,813)</u>	<u>(33,304)</u>

4.1.7 Movement in provision against debt securities

Opening balance		128,642	150,393
Charge for the year		17,547	15,219
Less: Reversal of provision	4.1.7.1	72,295	36,970
Charge for the year - net		(54,748)	21,751
Closing balance		<u>73,894</u>	<u>128,642</u>

4.1.7.1 During the period, privately placed sukuk bonds and second issue of Maple Leaf Cement Factory 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 and Rs 13.310 million respectively have been reversed during the period.

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4.2 Loans and receivables

Particulars	Profit / mark-up rate	Maturity date	Closing balance as at December 31, 2010	Value as a percentage of net assets	Value as a percentage of investment
Rs in '000					
Reverse Repo	12.5	January 03, 2011	196,089	3.82	5.91
Term deposit receipts	13.90	February 21, 2010	600,000	11.68	18.09
Total - December 31, 2010			796,089	15.50	24.00
Total - June 30, 2010			830,000	13.90	14.67

5 DIVIDEND AND OTHER RECEIVABLES

	Unaudited December 31, 2010	Audited June 30, 2010
(Rupees in '000)		
Profit on term deposits	2,666	2,054
Profit on savings deposits	2,960	855
Income accrued on term finance certificates	63,530	65,044
Profit receivable on government securities	22,366	5,234
Profit receivable on money market placements	2,149	-
Others	1,162	556
	94,833	73,743

6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	374	450
Withholding tax payable	2,177	-
Sales load payable	445	3,013
Provision for Workers' Welfare Fund	40,685	33,970
Others	416	453
	44,097	37,886

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2010.

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 Cash Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at December 31, 2010, 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
Investment in Debt securities (9.2)							
	a) Maple Leaf Cement Factory Limited I	354,699	215,903	-	215,903	4.20	4.16
	b) Maple Leaf Cement Factory Limited II	13,310	9,274	-	9,274	0.18	0.18
	c) New Allied Electronics Industries (Pvt) Limited	21,963	21,963	21,963	-	-	-
	d) New Allied Electronics Industries Pvt. Limited - Sukuk	35,234	35,234	35,234	-	-	-
	e) Security Leasing Corporation Limited Sukuk Certificates	12,696	9,522	-	9,522	0.19	0.18
	f) Security Leasing Corporation Limited TFC	15,235	11,426	-	11,426	0.22	0.22
	g) Saudi Pak Leasing Company Limited	36,615	26,412	1,677	9,735	0.19	0.19

- 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.

	Unaudited December 31, 2010	Audited June 30, 2010
	(Rupees in '000)	
10 CASH AND CASH EQUIVALENTS		
Bank balances	1,777,118	328,095
Term deposit receipts	600,000	830,000
Treasury Bills	301,055	292,805
	<u>2,678,173</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 40.685 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.

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12.4 Details of transactions with connected persons are as follows:

	----- Unaudited -----			
	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees '000)			
MCB Bank Limited				
Profit received on deposit accounts	2,077	14,500	677	1,133
Redemption of 3,412,052 units (2009: Nil units)	346,553	-	-	-
Distribution of 79,822 Bonus units (2009: 156,981 units)	8,062	15,752	-	6,208
Bank charges	11	35	6	35
MCB Asset Management Company Limited				
Remuneration of management company	44,377	80,219	21,787	38,033
Issue of Nil units (2009: 1,596,113 units)	-	163,092	-	128,892
Redemption of Nil units (2009: 2,570,742 units)	-	262,540	-	136,040
Distribution of 129,898 Bonus units (2009: 166,868 units)	13,154	16,741	7,021	5,590
MCB Employees Provident Fund				
Distribution of 34,151 Bonus units (2009: 31,384 units)	3,458	3,150	1,846	1,241
MCB Employees Pension Fund				
Distribution of 34,151 Bonus units (2009: 31,384 units)	3,458	3,150	1,846	1,241
MCB Employees Foundation				
Distribution of Nil Bonus units (2009: 9,859 units)	-	990	-	384
Monthly profit distribution of Nil units (2009: 10,358 units)	-	1,066	-	521
Central Depository Company of Pakistan Limited - Trustee				
Remuneration and settlement charges for the period	3,466	5,852	1,706	2,785
Adamjee Insurance Company Limited				
Issue of Nil units (2009: 19,270,510 units)	-	1,950,000	-	100,000
Redemption of 972,673 units (2009: 31,238,776 units)	100,000	3,201,181	100,000	2,501,181
Distribution of 359,097 Bonus units (2009: 608,418 units)	36,364	61,283	19,410	45,877
Adamjee Insurance Company Limited - Employees Provident Fund				
Redemption of 178,077 units (2009: 559,583 units)	18,086	57,757	-	47,757
Distribution of 4,166 Bonus units (2009: 25,900 units)	421	2,599	-	906
D.G Khan Cement Company Limited Employees Provident Fund Trust				
Distribution of 103 Bonus units (2009: 94 units)	10	9	5	3
MCB AMC Staff Provident Fund				
Distribution of 598 Bonus units (2009: Nil units)	61	-	33	-
Adamjee Life Assurance Company Limited				
Issue of 425,881 units (2009: Nil units)	44,000	-	-	-
Redemption of 969,014 units (2009: Nil units)	99,000	-	61,000	-
Distribution of 56,420 Bonus units (2009: Nil units)	5,714	-	5,568	-
Habib Metropolitan Bank Ltd				
Issue of 43,223 units (2009: Nil units)	4,453	-	4,453	-
Key management personnel				
Issue of 26,720 units (2009: 90,932 units)	2,730	9,231	2,650	25
Redemption of 8,188 units (2009: 67,925 units)	842	6,927	121	4,687
Distribution of 2,298 Bonus units (2009: 4,608 units)	223	466	107	268

MCB DYNAMIC CASH FUND
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	December 31, 2010	June 30, 2010
	(Rupees in '000)	
12.5 Amount outstanding as at period / year end		
MCB Bank Limited		
Bank balance	1,266	268,853
Profit receivable on deposit accounts	162	346
Nil units held as at December 31, 2010 (June 30, 2010: 3,332,230 units)	-	344,617
MCB Asset Management Company Limited		
Remuneration payable to management company	6,909	7,030
2,664,779 units held as at December 31, 2010 (June 30, 2010: 2,534,882 units)	278,417	262,156
Adamjee Insurance Company Limited		
6,393,810 units held as at December 31, 2010 (June 30, 2010: 7,007,586 units)	668,027	724,720
Adamjee Insurance Company Limited - Employees Provident Fund		
Nil units held as at December 31, 2010 (June 30, 2010: 173,911 units)	-	17,986
MCB Employees Provident Fund		
700,597 units held as at December 31, 2010 (June 30, 2010: 666,446 units)	73,199	68,923
MCB Employees Pension Fund		
700,597 units held as at December 31, 2010 (June 30, 2010: 666,446 units)	73,199	68,923
MCB AMC Staff Provident Fund		
12,270 units held as at December 31, 2010 (June 30, 2010: 11,672 units)	1,282	1,207
D.G Khan Cement Company Limited Employees Provident Fund Trust		
2,107 units held as at December 31, 2010 (June 30, 2010: 2,005 units)	220	207
Adamjee Life Assurance Company Limited		
586,273 units held as at December 31, 2010 (June 30, 2010: 1,072,987 units)	61,254	110,968
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	200	200
Remuneration and settlement charges payable	546	551
Habib Metropolitan Bank Ltd		
5,789,266 units held as at December 31, 2010 (June 30, 2010: Nil units)	604,864	-
Key management personnel		
72,079 units held as at December 31, 2010 (June 30, 2010: 48,146 units)	7,532	4,979

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on January 28, 2011 by the Board of Directors of the Management Company.

14 CORROSPONDING FIGURES

Corrospounding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and better presentation. During the current period, there were no major reclassifications.

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



MCB 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, L.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 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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Stock Fund's accounts review for the half year ended December 31st 2010.

MARKET OVERVIEW

Despite deterioration in key macroeconomic indicators, the performance of the local equities market during the period remained robust with the KSE-30 Index gaining around 21%. Foreign investors continued to pour in liquidity in Pakistan along with other emerging and frontier markets. Total investments, by foreigners during the period was around US\$ 251 million. Local players also got on the bandwagon hence resulting in better daily turnover. Quarter-wise, the second quarter of the current fiscal year saw significant activities at the bourses and hence market gained around 19.8% while the first quarter resulted in a mere 1.2% gain amid country-wide floods and its economic repercussions. Local investors were largely sidelined during the first quarter; however, they started taking positions during the latter quarter owing to improved sentiments on the back of continued foreign buying and comfortable external account and FX reserves position.

Citing deterioration in key macroeconomic indicators, the State Bank of Pakistan decided to change its monetary policy direction and hence raised policy discount rate cumulatively by 150 bps during the period under review. However, the direction of global liquidity towards emerging and frontier markets was so strong that it continued to support local equities market and hence the market didn't react to monetary tightening. Overall, equities market posted a healthy performance during the period under review with the KSE-30 Index crossing the index level of 11,500.

FUND PERFORMANCE

MCB DSF, during the period under review posted a return of 24.8% as against its benchmark return of 21.3%, an out-performance of 3.5%. Since its inception, DSF posted a return of 48.9% as compared to a decline of 17.5% in its benchmark, reflecting a significant out-performance of 66.4%. While, the fund remained underweight in a consistently rising market, it did not under-perform because of careful selection of specific stocks and timely reallocations.

FUTURE OUTLOOK

We remain cautious on the overall equities market given the deteriorating macroeconomic fundamentals and rising interest rates. We, however, prefer to maintain exposures in those stocks and sectors that are largely immune fundamentally from deteriorating macroeconomic indicators. Widening fiscal deficit, slowdown in real economy, inflationary pressures and SBP's tight monetary stance are the critical areas which pose great risk to the sustainability of the recent performance of the equities market. However, sustained foreign flows in the market, decent corporate earnings estimates and expectations of a leverage product may prolong this performance trend. We will continue looking at leading global markets as leading indicators for performance of stock prices in Pakistan.

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

January 28, 2011

TRUSTEE REPORT TO THE UNIT HOLDERS



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

The MCB Dynamic Stock Fund (the Fund), an open-end fund was established under a trust deed dated November 10, 2006, executed between MCB Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2010 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 25, 2011

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Dynamic Stock Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' funds together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Management Company (MCB Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Fergusons & Co.
Chartered Accountants
January 28, 2011
Karachi

MCB DYNAMIC STOCK FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2010



	Note	Unaudited December 31, 2010 (Rupees in '000)	Audited June 30, 2010
ASSETS			
Bank balances		159,859	23,858
Investments	4	561,549	619,813
Dividend and other receivables		788	2,006
Receivable against sale of investments		28,777	6,784
Security deposits and prepayments		3,770	3,700
Preliminary expenses and floatation costs		739	1,060
Total assets		<u>755,482</u>	<u>657,221</u>
LIABILITIES			
Payable to the Management Company		1,795	1,668
Payable to the Trustee		126	116
Annual fee payable to the Securities and Exchange Commission of Pakistan		330	678
Payable against purchase of investments		24,710	-
Accrued expenses and other liabilities		7,047	3,912
Total liabilities		<u>34,008</u>	<u>6,374</u>
NET ASSETS		<u>721,474</u>	<u>650,847</u>
Unit holders' fund (as per statement attached)		<u>721,474</u>	<u>650,847</u>
CONTINGENCIES AND COMMITMENTS			
	5		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		<u>7,408,768</u>	<u>6,731,650</u>
		(Rupees)	
NET ASSET VALUE PER UNIT	3.3	<u>97.38</u>	<u>96.68</u>

The annexed notes 1 to 10 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Note	Half year ended December 31		Quarter ended December 31	
		2010	2009	2010	2009
		(Rupees in '000)		(Rupees in '000)	
INCOME					
Capital gain on sale of investments		63,014	153,617	53,422	49,381
Dividend income		18,821	23,905	13,274	10,577
Income from Government Securities		5,948	-	3,606	-
Profit on bank deposits		2,119	2,906	929	1,334
		89,902	180,428	71,231	61,292
Net unrealised appreciation / (diminution) on re - measurement of investments classified as 'financial assets at fair value through profit or loss'		81,568	46,669	61,258	(55,797)
		171,470	227,097	132,489	5,495
EXPENSES					
Remuneration of the Management Company		10,417	8,046	5,275	5,176
Remuneration of the Trustee		695	759	352	376
Annual fee - Securities and Exchange Commission of Pakistan		330	360	167	178
Brokerage, capital value tax and settlement charges		3,080	4,438	1,842	1,954
Amortisation of preliminary expenses and floatation costs		321	321	160	160
Auditors' remuneration		286	190	155	94
Other expenses		346	356	119	120
		15,475	14,470	8,070	8,058
Net income / (loss) from operating activities		155,995	212,627	124,419	(2,563)
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net		(9,660)	(58,403)	(8,854)	(31,697)
Provision for Workers' Welfare Fund		(2,927)	-	(2,312)	-
Net income / (loss) for the period		143,408	154,224	113,253	(34,260)
Taxation	6	-	-	-	-
Net income / (loss) for the period after taxation		143,408	154,224	113,253	(34,260)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		143,408	154,224	113,253	(34,260)
Earnings / (loss) per unit	3.4				

The annexed notes 1 to 10 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
	(Rupees in '000)		(Rupees in '000)	
(Accumulated loss) / undistributed income brought forward				
- Realised income / (loss)	18,786	(215,315)	(147,809)	(89,923)
- Unrealised (loss) / income	<u>(41,113)</u>	<u>11,707</u>	<u>(684)</u>	<u>106,402</u>
	<u>(22,327)</u>	<u>(203,608)</u>	<u>(148,493)</u>	<u>16,479</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 / (loss) for the period after taxation	143,408	154,224	113,253	(34,260)
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	(14,880)	51,781	15,828	20,178
(Accumulated loss) / undistributed income carried forward	<u>(19,412)</u>	<u>2,397</u>	<u>(19,412)</u>	<u>2,397</u>
(Accumulated loss) / undistributed income comprising of:				
- Realised (loss)	(113,053)	(46,813)	(113,053)	(46,813)
- Unrealised income	<u>93,641</u>	<u>49,210</u>	<u>93,641</u>	<u>49,210</u>
	<u>(19,412)</u>	<u>2,397</u>	<u>(19,412)</u>	<u>2,397</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Half year ended December 31 2010 2009 (Rupees in '000)		Quarter ended December 31 2010 2009 (Rupees in '000)	
Net assets at the beginning of the period	650,847	642,998	664,421	792,986
Issue of 430,080 units (2009: 2,114,063 units) and 53,439 units (2009: 1,182,190 units) for the half year and quarter respectively	35,539	197,273	4,794	37,647
Issue of 1,609,919 bonus units relating to the period ended June 30, 2010 (2009: Nil bonus units)	125,613			
Redemption of 1,362,881 units (2009: 4,267,118 units) and 773,700 units (2009: 2,021,207 units) for the six months and quarter respectively	(117,980)	(419,200)	(69,848)	(194,372)
	43,172	(221,927)	(65,054)	(156,725)
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	9,660	58,403	8,854	31,697
- amount representing (income) / loss that forms part of unit holders' fund - transferred to distribution statement	14,880	(51,781)	(15,828)	(20,178)
	24,540	6,622	(6,974)	11,519
Element of Income / (loss) and capital gains included in prices of units issued less those in units redeemed				
- amount representing unrealised income	(14,880)	51,781	15,828	20,178
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value' through profit or loss	81,568	46,669	61,258	(55,797)
Other operating income / (loss)	61,840	107,555	51,995	21,537
Net income / (loss) for the period	143,408	154,224	113,253	(34,260)
Final distribution for the period ended June 30, 2010 at Rs. 18.6601 per unit (Date of distribution July 1, 2010)				
- Bonus units	(125,613)	-	-	-
Net assets as at the end of the period	721,474	633,698	721,474	633,698

The annexed notes 1 to 10 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 CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
	(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	143,408	154,224	113,253	(34,260)
Adjustments for non-cash charges and other items:				
Capital gain on sale of investments	(63,014)	(153,617)	(53,422)	(49,381)
Dividend income	(18,821)	(23,905)	(13,274)	(10,577)
Profit on bank deposits	(2,119)	(2,906)	1,413	(1,334)
Net unrealised appreciation / (diminution) on re - measurement of investments classified as 'financial assets at fair value through profit or loss'	(81,568)	(46,669)	(61,258)	55,797
Amortisation of preliminary expenses and floatation costs	321	321	160	160
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	9,660	58,403	8,854	31,697
	(12,133)	(14,149)	(4,274)	(7,898)
(Increase) / decrease in assets				
Investments - net	156,203	70,582	(9,007)	22,610
Security deposits and prepayments	(70)	(43)	(115)	35
	156,133	70,539	(9,122)	22,645
Increase / (decrease) in liabilities				
Payable to the Management Company	127	(207)	128	827
Payable to the Trustee	10	17	9	(25)
Payable against redemption of units	-	100,381	-	100,381
Annual fee payable to the Securities and Exchange Commission of Pakistan	(348)	(218)	167	178
Payable against purchase of units	24,710	-	24,710	-
Accrued expenses and other liabilities	3,135	113	2,869	(249)
	27,634	100,086	27,883	101,112
	171,634	156,476	14,487	115,859
Dividend received	20,128	24,387	17,128	16,136
Profit received on bank deposits	2,030	2,951	(1,480)	1,924
Net cash flow generated from operating activities	193,792	183,814	30,135	133,919
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of units	35,539	197,273	4,794	37,647
Payments on redemption of units	(113,283)	(419,200)	(69,848)	(194,372)
Cash distribution	(4,697)	-	-	-
Net cash used in financing activities	(82,441)	(221,927)	(65,054)	(156,725)
Net increase / (decrease) in cash and cash equivalents during the period	111,351	(38,113)	(34,919)	(22,806)
Cash and cash equivalents at the beginning of the period	48,508	61,104	194,778	45,797
Cash and cash equivalents as at December 31, 2010	159,859	22,991	159,859	22,991

The annexed notes 1 to 10 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 management company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 8th floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

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. However, decision of SECP regarding categorisation of CIS is still pending.

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- 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. However, a limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

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 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan, that are not yet effective

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

MCB DYNAMIC STOCK FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on Fund's operations and are therefore not detailed in these condensed interim financial statements.

3.3 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.

3.4 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	December 31 2010 (Unaudited)	June 30 2010 (Audited)
		(Rupees in '000)	
4 INVESTMENTS			
'Financial assets at fair value through profit or loss - held for trading'			
Listed equity securities	4.1	561,549	595,163
Government Securities	4.2	-	24,650
		<u>561,549</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					Balance as at December 31, 2010			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	As at December 31, 2010	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											
Agnauto Industries Limited*	227,600	-	-	104,906	122,694	8,466	9,349	883	1.30	1.66	0.43
Indus Motor Company Limited	51,276	13,741	-	65,017	-	-	-	-	-	-	0.00
						<u>8,466</u>	<u>9,349</u>	<u>883</u>	<u>1.30</u>	<u>1.66</u>	
Banks											
Allied Bank Limited	-	107,466	-	-	107,466	6,133	7,539	1,406	1.04	1.34	0.01
Bank Alfalah Limited	406,907	100,000	-	506,907	-	-	-	-	-	-	0.00
Bank AlHabib Limited	90,000	80,000	-	24,586	145,414	4,926	5,273	347	0.73	0.94	0.02
Habib Bank Limited	137,153	128,141	-	99,984	165,310	16,546	20,158	3,612	2.79	3.59	0.02
MCB Bank Limited	150,867	71,237	-	187,690	34,414	7,019	7,865	846	1.09	1.40	0.01
Meezan Bank Limited	25,000	-	-	25,000	-	-	-	-	-	-	0.00
National Bank of Pakistan	140,370	614,157	-	519,749	234,778	15,898	18,036	2,138	2.50	3.21	0.02
United Bank Limited	532,314	352,804	-	594,000	291,118	16,329	19,863	3,534	2.75	3.54	0.02
						<u>66,851</u>	<u>78,734</u>	<u>11,893</u>	<u>10.90</u>	<u>14.02</u>	
Chemicals											
Dawood Hercules Chemicals Limited	-	25,100	-	6,600	18,500	3,514	3,670	156	0.51	0.65	0.02
Engro Corporation Limited	229,305	176,129	-	305,434	100,000	19,250	19,381	131	2.69	3.45	0.03
Fauji Fertilizer Bin Qasim Limited	705,903	1,273,087	-	1,858,903	120,087	4,373	4,291	(82)	0.59	0.76	0.01
Fauji Fertilizer Company Limited	329,171	299,500	-	450,527	178,144	20,749	22,421	1,672	3.11	3.99	0.02
ICI Pakistan Limited	-	64,201	-	64,201	-	-	-	-	-	-	0.00
Lotte Pakistan Pta Limited	-	3,103,130	-	650,000	2,453,130	26,106	33,608	7,502	4.66	5.98	0.16
						<u>73,992</u>	<u>83,371</u>	<u>9,379</u>	<u>11.56</u>	<u>14.83</u>	
Construction & Materials											
Attock Cement Pakistan Limited	-	246,442	-	246,442	-	-	-	-	-	-	0.00
D.G. Khan Cement Limited	125,000	812,057	-	937,057	-	-	-	-	-	-	0.00
Lucky Cement Limited	149,452	568,744	-	385,919	332,277	23,354	25,183	1,829	3.49	4.48	0.10
						<u>23,354</u>	<u>25,183</u>	<u>1,829</u>	<u>3.49</u>	<u>4.48</u>	

MCB DYNAMIC STOCK FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



Name of investee company	Number of shares					Balance as at December 31, 2010			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	As at December 31, 2010	Carrying value	Market value	Appreciation / (diminution)			
—————(Rupees in '000')—————											
Electricity											
Hub Power Company Limited	2,017,265	748,376	-	1,853,552	912,089	30,214	34,121	3,907	4.73	6.08	0.08
Kot Addu Power Company Limited	62,965	479,385	-	87,965	454,385	18,437	18,484	47	2.56	3.29	0.05
Nisat Power Limited	664,268	2,667,158	-	1,964,729	1,366,697	18,340	22,181	3,841	3.07	3.95	0.39
Nisat Chunian Power Ltd	-	1,865,000	-	964,727	900,273	12,040	14,485	2,445	2.01	2.58	0.25
						79,031	89,271	10,240	12.37	15.90	
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	574,765	250,000	-	824,765	-	-	-	-	-	-	0.00
						-	-	-	-	-	
General Industries											
Thal Limited *	195,531	-	33,884	229,415	-	-	-	-	-	-	0.00
						-	-	-	-	-	
Oil and Gas											
Attock Petroleum Limited	166,707	47,934	16,928	162,401	69,168	17,717	23,138	5,421	3.21	4.12	0.10
Mari Gas Company Limited	70,798	-	-	70,798	-	-	-	-	-	-	0.00
National Refinery Limited	-	133,500	-	133,500	-	-	-	-	-	-	0.00
Oil & Gas Development Corporation Limited	115,633	267,362	-	169,751	213,244	31,441	36,428	4,987	5.05	6.49	0.01
Pakistan Oilfields Limited	270,838	197,243	-	247,120	220,961	50,540	65,398	14,858	9.06	11.65	0.09
Pakistan Petroleum Limited	340,201	151,000	51,652	246,942	295,911	51,164	64,257	13,093	8.91	11.44	0.02
Pakistan State Oil Company Limited	140,225	385,142	-	325,367	200,000	56,534	59,036	2,502	8.18	10.51	0.12
						207,396	248,255	40,859	34.41	44.21	
Personal goods											
Service Industries Limited	15,100	-	-	15,100	-	-	-	-	-	-	0.00
Nisat (Chunian) Limited	-	400,000	-	150,000	250,000	5,573	5,680	107	0.79	1.02	0.16
Nisat Mills Limited	565,757	220,000	-	447,500	338,257	15,318	21,706	6,388	3.01	3.88	0.10
						20,891	27,386	6,495	3.80	4.90	
Tobacco											
Pakistan Tobacco Company Limited	118,809	5,610	-	124,419	-	-	-	-	-	-	0.00
						-	-	-	-	-	
Total- December 31, 2010						479,981	561,549	81,568	77.83	100.00	
Total- June 30, 2010						631,958	595,163	(36,795)	91.44	96.02	

* The face value of shares is Rs. 5

4.1.1 Investments include shares with market value aggregating to Rs. 49.110 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

4.2 Investment in government securities

Name of security	Face Value					Balance as at December 31, 2010			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 of during the period	Matured during the period	As at December 31, 2010	Carrying value	Market value	Appreciation n / (diminution)		
(Rupees in'000)										
Treasury Bill - 3 months	25,000,000	600,000,000	397,500,000	227,500,000	-	-	-	-	-	-
Total - December 31, 2010						-	-	-	-	-
Total - June 30, 2010						24,679	24,650	(29)	3.79	3.98

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2010 and June 30, 2010.

6 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 year ending June 30, 2011 as reduced by capital gains (whether realised or unrealised) to its unit holders.

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 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 5.776 million in these condensed interim financial statements.

8 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.

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

	Unaudited			
	Half year ended December 31 2010		Quarter ended December 31 2010	
	2010	2009	2010	2009
	(Rupees in '000)		(Rupees in '000)	
MCB Asset Management Company Limited				
Remuneration to Management Company	10,417	8,046	5,275	5,176
MCB Bank Limited				
Mark-up received	934	555	436	99
Dividend received	335	724	73	281
Redemption of Nil units (2009: 2,200,000) units	-	225,259	-	121,309
Issue of 199,427 bonus units (2009: Nil units)	15,560	-	-	-

	Unaudited			
	Half year ended December 31 2010 2009 (Rupees in '000)		Quarter ended December 31 2010 2009 (Rupees in '000)	
MCB Employees Provident Fund				
Issue of 192,511 bonus units (2009: Nil units)	15,021	-	-	-
MCB Employees Pension Fund				
Issue of 147,527 bonus units (2009: Nil units)	11,511	-	-	-
Dera Ghazi Khan Cement Company Limited Employees Provident Fund				
Issue of 3,259 bonus units (2009: Nil units)	254	-	(0)	-
Nishat Mills Limited				
Dividend received	1,625	901	1,625	901
Nishat Mills Limited Employees Provident Fund trust				
Issue of 1,252 bonus units (2009: Nil units)	98	-	98	-
Hub Power Company Limited				
Dividend income	2,273	4,657	-	-
Central Depository Company of Pakistan Limited				
Remuneration for the period	695	759	352	376
CDC settlement charges	53	66	17	30
Key management personnel				
Issue of 5,051 units (2009: 6,770)	409	616	95	326
Issue of 1,090 bonus units (2009: Nil)	84	-	-	-
Redemption of 3,956 units (2009: 28,014)	332	2,367	90	130
Bank of Punjab				
Issue of 387,024 bonus units (2009: Nil units)	30,197			
Redemption of Nil units (2009: 189,353)	-	18,219	-	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	-	731	-
			December 31 2010 Unaudited	June 30 2010 Audited
8.2 Amount outstanding as at the period / year end			(Rupees in '000)	
MCB Asset Management Company Limited				
Management fee payable			1,795	1,668
MCB Bank Limited				
Bank balances			1,805	17,615
Profit receivable on bank balances			97	211
1,033,301 units held (June 30 2010: 833,874 units)			100,624	80,623
34,414 shares held by the Fund (June 30 2010: 150,867 shares)			7,865	29,297
Sales load payable			-	15
Hub Power Company Limited				
912,089 shares held by the Fund (June 30 2010: 2,017,265 shares)			34,121	64,472
Dera Ghazi Khan Cement Limited				
NIL shares held by the Fund (June 30 2010: 125,000 shares)			-	2,952
Nishat Mills Limited				
338,257 shares held by the Fund (June 30 2010: 565,757 shares)			21,706	24,395
Nishat (Chunian) Limited				
250,000 shares held by the Fund (June 30 2010: Nil shares)			5,680	-

	December 31 2010 Unaudited (Rupees in '000)	June 30 2010 Audited
Nishat Chunian Power Ltd 900,273 shares held by the Fund (June 30 2010: Nil shares)	14,485	-
Nishat Power Limited 1,366,697 shares held by the Fund (June 30 2010: 664,268 shares)	22,181	-
Dera Ghazi Khan Cement Company Limited Employees Provident Fund 16,888 units held (June 30 2010: 13,629)	1,645	1,318
Bank of Punjab 2,005,311 units held (June 30 2010: 1,618,287)	195,279	156,463
Nishat Mills Limited Employees Provident Fund Trust 6,486 units held (June 30 2010: 5,234 units)	632	506
MCB Asset Management Company Limited Staff Provident Fund Nil units held (June 30 2010: 6,969 units)	-	674
MCB Employees Provident Fund 997,470 units held (June 30 2010: 804,959 units)	97,135	77,827
MCB Employees Pension Fund 764,389 units held (June 30 2010: 616,862 units)	74,437	59,641
Central Depository Company of Pakistan Limited Trustee fee payable	120	111
CDC settlement charges payable	6	5
Security deposit	200	200
Key management personnel 6,727 units held (June 30 2010: 4,558)	655	441

9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 28, 2011 by the Board of Directors of the Management Company.

10 GENERAL

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

10.2 There have been no reclassifications of corresponding figures during the period.

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



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 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 Dynamic Allocation Fund's accounts review for the period ended December 31st 2010.

MARKET OVERVIEW

Continuous flow of foreign liquidity and rising domestic money supply due to excessive government borrowings from the central bank, kept the capital markets of the country flushed with liquidity. Despite growing macroeconomic concerns, inflationary pressures, fiscal imbalances, political noise, rising interest rates and slowdown in economic growth, foreign investors continued to pour in liquidity at the local equities market, which in-line with other emerging and frontier markets, captured a big chunk of liquidity flows from the developed markets.

Overall systematic risks amid floods and its economic repercussions kept the local investors on the defensive mode initially, however, continued buying frenzy from the foreign investors also pulled them into the arena during the latter part of the period under review. The KSE-100 Index after inching up by mere 3% during the first three months of the period under review, closed the period under review up by 23.7%.

On the money market side, short term rates remained at comfortable levels amid better liquidity in the system. 1-month KIBOR, on the other hand, went up by 43 bps to 12.5% as compared to 12.1% during the previous half owing to rising policy discount rate, which went up cumulatively by 150 bps during the period.

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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 20-30% during most of the period under review. Global liquidity and regional valuations are also being critically looked at to ascertain the continuation of the foreign liquidity flows. The fund generated a return of 13.5% during the period under review while the since inception return of the fund stood at -11.2%.

OUTLOOK

Rising commodities prices pose a threat to the country's external account on one hand while on the other hand it would benefit the heavy-weights of the domestic equities market. We believe that further monetary tightening would be dependent on the inflationary outlook as well as fiscal balance & its funding profile. Global liquidity which has so far been the driver of the domestic and regional equities markets shall be critical for the future direction of the equities market of the country. For the fiscal funding issues, timely materialization of foreign exchange inflows from the US, IMF and other donor agencies and friendly countries are critical as ever.

DIRECTOR'S REPORT



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

January 28, 2011

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

The MCB Dynamic Allocation Fund (the Fund), an open-end fund was established under a trust deed dated November 22, 2007, executed between MCB Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2010 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 25, 2011

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Dynamic Allocation Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Management Company (MCB Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

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

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Fergusons & Co.
Chartered Accountants
January 28, 2011
Karachi

MCB DYNAMIC ALLOCATION FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2010



		Unaudited December 31, 2010	Audited June 30, 2010
	Note	Rupees in '000	
ASSETS			
Bank balances		229,241	66,796
Investments	4	166,132	275,290
Loans and receivables		-	50,000
Receivable against sale of investments		10,598	5,378
Dividend and other receivables		2,365	2,342
Security deposits and prepayments		3,665	3,600
Preliminary expenses and floatation cost		2,205	2,710
Total assets		414,206	406,116
LIABILITIES			
Payable to MCB Asset Management Company Limited - Management Company		511	520
Payable to Central Depository Company of Pakistan Limited - Trustee		69	69
Annual fee payable to Securities and Exchange Commission of Pakistan		191	574
Payable against redemption of units		-	8
Payable against purchase of investments		5,555	-
Accrued and other liabilities		2,774	1,904
Total liabilities		9,100	3,075
NET ASSETS			
		405,106	403,041
Unit holders' fund (as per statement attached)			
		405,106	403,041
CONTINGENCIES AND COMMITMENTS			
	5		
Number of units			
NUMBER OF UNITS IN ISSUE			
		5,238,849	5,152,325
Rupees			
NET ASSET VALUE PER UNIT			
	3.3	77.33	78.23

The annexed notes 1 to 11 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 ALLOCATION FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



Note	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
	(Rupees in '000)		(Rupees in '000)	
INCOME				
Capital gain on sale of investments	26,490	93,282	16,801	24,623
Dividend income	3,197	11,151	2,234	3,299
Profit on bank deposits and term deposit receipts	2,053	7,484	661	2,122
Income from money market placements	-	1,444	-	205
Income from government securities	10,074	5,387	6,198	3,702
Income from term finance certificates	3,979	11,611	2,068	6,269
	45,793	130,359	27,962	40,220
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	11,637	20,376	9,413	(12,180)
Total Income	57,430	150,735	37,375	28,040
EXPENSES				
Remuneration of MCB Asset Management Company Limited - Management Company	3,016	5,584	1,504	2,586
Remuneration of Central Depository Company of Pakistan Limited -Trustee	402	745	200	345
Annual fee - Securities and Exchange Commission of Pakistan	191	354	95	164
Brokerage and settlement charges	1,339	3,337	609	1,437
Amortization of preliminary expenses and floatation costs	505	505	253	253
Auditors' remuneration	285	189	154	95
Other expenses	620	337	396	126
	6,358	11,051	3,211	5,006
Net Income from operating activities	51,072	139,684	34,164	23,034
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	(1,937)	(40,599)	(1,780)	(28,428)
Provision for Workers' Welfare Fund	6 (983)	-	(648)	-
Net Income / (loss) for the period before taxation	48,152	99,085	31,736	(5,394)
Taxation	7 -	-	-	-
Net income/ (loss) for the period after taxation	48,152	99,085	31,736	(5,394)
Other comprehensive income/ (loss) for the period	-	-	-	-
Total comprehensive income/ (loss) for the period	<u>48,152</u>	<u>99,085</u>	<u>31,736</u>	<u>(5,394)</u>
Earnings / (loss) per unit	3.4			

The annexed notes 1 to 11 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 ALLOCATION FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
	(Rupees in '000)		(Rupees in '000)	
Accumulated loss brought forward				
- Realised loss	(92,514)	(368,228)	(160,756)	(252,426)
- Unrealised (loss) / income	(19,678)	16,835	(2,853)	35,859
	<u>(112,192)</u>	<u>(351,393)</u>	<u>(163,609)</u>	<u>(216,567)</u>
Final distributions for the year ended June 30, 2010:				
On July 01, 2010 at Rs 10.089 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 that forms part of the unit holders' fund	(2,757)	112,355	13,094	82,008
Net Income/ (loss) for the period after taxation	48,152	99,085	31,736	(5,394)
Accumulated loss carried forward	<u>(118,779)</u>	<u>(139,953)</u>	<u>(118,779)</u>	<u>(139,953)</u>
Accumulated loss comprising:				
- Realised loss	(125,872)	(160,810)	(125,872)	(160,810)
- Unrealised income	7,093	20,857	7,093	20,857
	<u>(118,779)</u>	<u>(139,953)</u>	<u>(118,779)</u>	<u>(139,953)</u>

The annexed notes 1 to 11 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 ALLOCATION FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Half year ended December 31 2010 2009 (Rupees in '000)		Quarter ended December 31 2010 2009 (Rupees in '000)	
Net assets at beginning of the period	403,041	714,089	401,371	756,898
Issue of 7,088 (2009: 839,804) units and 731 (2009: 267,445) units for the six months and quarter respectively	501	61,222	55	21,332
Issue of 574,337 bonus units relating to the period ended June 30, 2010 (2009: 0 bonus units)	39,133	-	-	-
Redemption of 494,901 (2009: 4,246,574) units and 411,682 (2009: 2,754,045) units for the six months and quarter respectively	(35,676) 3,958	(330,143) (268,921)	(29,837) (29,782)	(216,412) (195,080)
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	1,937	40,599	1,780	28,428
- amount representing income that forms part of unit holders' fund - transferred to distribution statement	2,757 4,694	(112,355) (71,756)	(13,094) (11,314)	(82,008) (53,580)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	(2,757)	112,355	13,094	82,008
Net unrealised appreciation / (diminution) on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	11,637	23,324	9,413	(10,526)
Income from other operating activities	36,515	75,761	22,324	5,132
Net income / (loss) for the period	48,152	99,085	31,737	(5,394)
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	405,106	584,852	405,106	584,852

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The annexed notes 1 to 11 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 ALLOCATION FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit / (loss) for the period before taxation	48,152	99,085	31,736	(5,394)
Adjustments				
Dividend income	(3,197)	(11,151)	(2,234)	(3,299)
Net unrealised appreciation / (diminution) on remeasurement of investment 'classified as 'financial assets at fair value through profit or loss'	(11,637)	(20,376)	(9,413)	12,180
Amortization of preliminary expenses and floatation costs	505	505	253	253
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	1,937	40,599	1,780	28,428
	35,760	108,662	22,122	32,168
Increase / (decrease) in assets				
Investments - net	121,130	(14,265)	(17,034)	(1,851)
Other receivable	(31)	(724)	908	50,176
Security deposits and prepayments	(65)	(7)	(43)	7
	121,034	(14,996)	(16,169)	48,332
Increase / (decrease) in liabilities				
Payable to MCB Asset Management Company Limited - Management Company	(9)	(400)	18	(638)
Payable to Central Depository Company of Pakistan Limited	-	(12)	(1)	374
Annual fee payable to Securities and Exchange Commission of Pakistan	(383)	(529)	95	164
Accrued and other liabilities	862	(549)	572	(392)
	470	(1,490)	684	(492)
Dividend income received	3,205	13,056	3,202	6,802
Net cash inflow from operating activities	160,469	105,232	9,839	86,810
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts from issue of units	501	61,222	55	21,332
Net payments on redemption of units	(35,676)	(330,135)	(29,837)	(216,404)
Distribution during the period	(12,849)	-	-	-
Net cash outflow from financing activities	(48,024)	(268,913)	(29,782)	(195,072)
Net increase / (decrease) in cash and cash equivalents	112,445	(163,681)	(19,943)	(108,262)
Cash and cash equivalents at the beginning of the period	116,796	176,657	249,184	121,238
Cash and cash equivalents at the end of the period	229,241	12,976	229,241	12,976

The annexed notes 1 to 11 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 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, 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 SECP.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the 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 an Open-End Asset Allocation 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 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-" to the Management Company and a short 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. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

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 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan, that are not yet effective

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

MCB DYNAMIC ALLOCATION FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on Fund's operations and are therefore not detailed in these condensed interim financial statements.

3.3 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.

3.4 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

Financial assets at fair value through profit or loss

	Unaudited December 31, 2010	Audited June 30, 2010
- Listed equity securities	110,093	224,993
- Corporate Debt securities		
Listed Debt securities	56,039	50,297
	<u>166,132</u>	<u>275,290</u>

4.1 Listed equity securities

Name of investee company	Number of shares					Balance as at Dec, 31, 2010			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/ rights shares	Disposed off during the period	As at December 31, 2010	Cost	Market value	Appreciation/ (diminution)			
(Rupees in '000)											
Unless stated otherwise, the holding are in ordinary shares having a face value of Rs. 10 each											
Auto Mobile & Parts											
Indus Motors Company Limited	23,000	-	-	23,000	-	-	-	-	0.00%	0.00%	0.00%
Agriauto Industries Limited*	30,000	-	-	20,000	10,000	690	762	72	0.19%	0.46%	0.06%
						690	762	72	0.19%	0.46%	
Construction & Materials											
Dera Ghazi Khan Cement Limited	52,200	392,627	-	444,827	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Limited	-	95,000	-	95,000	-	-	-	-	0.00%	0.00%	0.00%
						-	-	-	0.00%	0.00%	
Chemicals											
Engro Corporation Limited	69,887	48,460	-	93,347	25,000	4,840	4,845	5	1.20%	2.92%	0.08%
Fafra Fertilizers Limited	5,581	-	-	5,581	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	105,479	75,000	-	180,479	-	-	-	-	0.00%	0.00%	0.00%
Lotte Pakistan Pta Limited	-	1,100,000	-	374,600	725,400	8,436	9,938	1,502	2.45%	5.98%	0.04%
Fauji Fertilizer Company Limited	92,215	31,500	-	123,715	-	-	-	-	0.00%	0.00%	0.00%
						13,276	14,783	1,507	3.65%	8.90%	
Banks											
Bank Alfalah Limited	297,551	-	-	297,551	-	-	-	-	0.00%	0.00%	0.00%
Bank Al Habib Limited	-	15,000	-	-	15,000	538	544	6	0.13%	0.33%	0.02%
Habib Bank Limited	25,000	10,000	-	35,000	-	-	-	-	0.00%	0.00%	0.00%
MCB Bank Limited	40,219	40,000	-	80,219	-	-	-	-	0.00%	0.00%	0.00%
National Bank of Pakistan	159,040	230,000	-	244,040	145,000	9,616	11,139	1,523	2.75%	6.70%	0.01%
United Bank Limited	269,856	91,000	-	360,856	-	-	-	-	0.00%	0.00%	0.00%
						10,154	11,683	1,529	2.88%	7.03%	
Personal goods											
Nishat (Chunian) Limited	-	167,607	-	117,607	50,000	1,100	1,136	36	0.28%	0.68%	0.03%
Nishat Mills Limited	221,672	223,026	-	335,504	109,194	4,929	7,007	2,078	1.73%	4.22%	0.03%
						6,029	8,143	2,114	2.01%	4.90%	
Oil and gas											
Attock Petroleum Limited	84,890	41,032	-	110,922	15,000	4,707	5,018	311	1.24%	3.02%	0.02%
Oil & Gas Development Company Limited	5,482	15,000	-	20,482	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Oilfields Limited	84,785	167,342	-	229,976	22,151	5,599	6,557	958	1.62%	3.95%	0.00%
Pakistan Petroleum Limited	121,375	13,747	5,762	129,000	11,884	2,469	2,581	112	0.64%	1.58%	0.01%
Pakistan State Oil Company Limited	35,177	245,162	-	200,339	80,000	22,715	23,614	899	5.83%	14.21%	0.04%
						35,490	37,770	2,280	9.33%	22.73%	
General Industries											
Packages Limited	79,376	-	-	10,000	69,376	8,221	8,922	701	2.20%	5.37%	0.02%
Thal Limited *	7,000	-	-	7,000	-	-	-	-	0.00%	0.00%	0.00%
						8,221	8,922	701	2.20%	5.37%	
Electricity											
The HUB Power Company Limited	1,119,292	285,609	-	1,346,667	58,234	1,934	2,179	245	0.54%	1.31%	0.00%
Kot Addu Power Company Limited	259,906	225,000	-	240,124	244,782	9,985	9,958	(27)	2.46%	5.92%	0.02%
Nishat Chunian Power Limited	379,456	686,883	-	685,000	381,339	5,018	6,136	1,118	1.51%	3.69%	0.06%
Nishat Power Limited	817,031	2,696,813	-	2,912,592	601,252	8,732	9,757	1,025	2.41%	5.87%	0.17%
						25,669	28,030	2,361	6.92%	16.86%	
Total - December 31, 2010						99,529	110,093	10,564	27.18%	66.25%	
Total - June 30, 2010						246,653	224,993	(21,660)	55.81%	81.71%	

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

- 4.1.1 Investment in listed equity securities includes shares with market value aggregating to Rs 12.3 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

4.2 Listed Debt Securities

Name of investee company	Number of Certificates				Balance as at December 31, 2010			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2010	Purchased during the period	Disposed during the period	As at December 31, 2010	Cost	Market value	Appreciation/ (Diminution)		
					----- (Rupees in '000) -----				
Certificates having a face value of Rs. 5,000 each unless stated otherwise									
Bank Al-Habib Limited	520	-	-	520	2,547	2,584	37	0.64%	1.56%
NIB Bank Limited	2,845	-	-	2,845	13,645	13,833	188	3.41%	8.33%
Askari Bank Limited	5,000	-	-	5,000	24,599	25,365	766	6.26%	15.27%
United Bank Limited	2,000	1,000	-	3,000	14,175	14,257	82	3.52%	8.58%
Total - December 31, 2010					54,966	56,039	1,073	13.83%	33.73%
Total - June 30, 2010					49,807	50,297	490	12.48%	18.28%

- 4.2.1 Investment in listed debt securities includes term finance certificates with market value aggregating to Rs 22.1 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

4.3 Government Securities

Name of security	Face Value					Balance as at December 31, 2010			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 of during the period	Matured during the period	As at December 31, 2010	Carrying value	Market Value	Appreciation / (diminution)		
----- (Rupees in '000) -----										
Treasury bills - 12 months	-	40,000,000	-	40,000,000	-	-	-	-	-	-
Treasury bills - 6 months	-	10,700,000	10,000,000	700,000	-	-	-	-	-	-
Treasury bills - 3 months	-	650,000,000	434,000,000	216,000,000	-	-	-	-	-	-
Total - December 31, 2010										
Total - June 30, 2010										

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2010.

6 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 2.161 million in these condensed interim financial statements.

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 year ending June 30, 2011 as reduced by capital gains (whether realised or unrealised) to its unit holders.

8 TRANSACTIONS WITH CONNECTED PERSONS

- 8.1 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.
- 8.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 8.3 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 Half year ended December 31 2010		Unaudited Quarter ended December 31 2009	
	Rupees in '000		Rupees in '000	
Transactions during the period				
Details of the transactions with the connected persons during the period are as follows:				
MCB Bank Limited				
- Dividend Received	-	52	-	52
- Profit received on saving accounts	541	1,155	294	804
MCB Asset Management Company Limited				
- Remuneration of the Management Company	3,016	5,584	1,477	2,586
Central Depository Company of Pakistan Limited				
- Remuneration of the Trustee	402	745	201	345
- CDC settlement charges	26	69	13	69
Habib Metropolitan Bank Limited				
- Redemption of 237,819 units	16,888	-	16,888	-
Nishat Mills Limited				
- Dividend Received	573	419	573	419
D.G Khan Cement Company Limited - Employee Provident Fund				
- Issue of 2,270 bonus units (December 31, 2009: Nil units)	155	-	-	-
Siddiqusons Tin Plate Ltd-Staff Provident Fund				
- Issue of 2,221 bonus units (December 31, 2009: Nil units)	151	-	-	-
Trustee Karachi Electric Provident Fund				
- Issue of 222,106 bonus units (December 31, 2009: Nil units)	15,133	-	14,911	-
Capital Development Authority				
- Issue of 111,912 bonus units (December 31, 2009: Nil units)	7,625	-	7,513	-
Hub Power Company Limited				
- Dividend Received	612	-	612	-
Key management personnel				
- Redemption of Nil units during the period (2009: 300 units)	-	21	-	-

	Unaudited December 31, 2010	Audited June 30, 2010
	Rupees in '000	
Amount outstanding as at period end		
MCB Bank Limited		
- Bank balances	493	17,567
- Profit receivable on saving accounts	42	104
- 1,000,000 units held as at December 31, 2010 (June 30, 2010: 1,000,000 units)	77,327	78,225
- Nil shares held by the Fund as at December 31, 2010 (June 30, 2010: 40,219 shares)	-	7,810
MCB Asset Management Company Limited		
- Remuneration payable to Management Company	511	497
- Sales load payable to Management Company	2	23
Central Depository Company of Pakistan Limited		
- Remuneration payable to Trustee	69	66
- CDC settlement charges	26	3
- Security Deposits	100	100
Capital Development Authority		
- 867,717 units held as at December 31, 2010 (June 30, 2010: 755,805 units)	67,098	59,123
D.G Khan Cement Company Limited - Employee Provident Fund		
- 17,605 units held as at December 31, 2010 (June 30, 2010: 15,335 units)	1,361	1,200
D.G Khan Cement Company Limited		
- Nil shares held by the Fund as at December 31, 2010 (June 30, 2010: 52,200 shares)	-	1,233
Siddiquisons Tin Plate Ltd-Staff Provident Fund		
- 17,221 units held as at December 31, 2010 (June 30, 2010: 15,000 units)	1,331	1,173
Hub Power Company Limited		
- 58,234 shares held by the Fund as at December 31, 2010 (June 30, 2010: 1,119,292 shares)	2,179	35,773
Nishat Mills Ltd		
- 109,194 shares held by the Fund as at December 31, 2010 (June 30, 2010: 221,671 shares)	7,007	9,558
Nishat Power Limited		
- 601,252 shares held by the Fund as at December 31, 2010 (June 30, 2010: 817,031 shares)	9,757	8,121
Nishat (Chunian) Limited		
- 50,000 shares held by the Fund as at December 31, 2010 (June 30, 2010: Nil)	1,136	-
Nishat Chunian Power Limited		
- 381,339 shares held by the Fund as at December 31, 2010 (June 30, 2010: 379,456 shares)	6,136	3,772
Trustee - Karachi Electric Provident Fund		
- 1,722,106 units held by the Fund as at December 31, 2010 (June 30, 2010: Nil)	133,166	-

9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on January 28, 2011 by the Board of Directors of the Management Company.

10 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and better presentation. During the current period, there were no major reclassifications.

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 Fund

MCB
Cash Management
OPTIMIZER FUND

MCB CASH MANAGEMENT OPTIMIZER 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 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 first half ended December 31st 2010.

MARKET OVERVIEW

During the period under review, short term market rates remained at comfortable levels amid better liquidity scenario in the money market. Despite tight monetary stance taken by the State Bank of Pakistan, significant monetary expansion was witnessed almost throughout the period primarily due to higher government borrowing from the SBP, hence taking the YTD M2 growth to around 9.5%. Despite significant expansion in Net Domestic Assets, comfortable external account position has kept growth in Net Foreign Assets to a decent level thereby keeping pressure off the exchange rate. Rising global commodities prices coupled with supply-side issues have kept inflationary pressures intact with 1H FY11 CPI inflation averaging at 14.6% including a peak level of 15.7% in Sep'10. Rising fiscal imbalances coupled with its funding mainly through the government borrowing from SBP remains a source of concern as it serves to off-set the impact of SBP's tight monetary policy. Citing rising imbalances in key macro-indicators, the SBP has adopted a hawkish monetary stance with a cumulative increase of 150 bps in its policy discount rate to 14.0% during the period under review.

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 around PKR 7.7 billion by the end of Dec'10. During the period under review, the fund generated an annualized return of 10.9% as against its benchmark return of 5.6%, an out performance of 5.3%. The fund remained significantly invested in short-end Treasury bills with a focus on adjusting its portfolio duration to capitalize on the fluctuating liquidity and interest rates in the market. However, the fund has capitalized on attractive TDR and bank deposit opportunities especially around quarter-end periods.

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FUTURE OUTLOOK

Macroeconomic indicators are depicting a mixed trend with real economy, fiscal account and inflationary pressures continued to haunt the economic managers while external account remained a comfortable territory courtesy rising exports amid better cotton prices as well as record-high level of workers' remittances. The State Bank of Pakistan has maintained a tight monetary stance during the period under review with 3 successive DR hikes of 50 bps each; we believe that further rate hike would be dependent on the inflationary outlook as well as fiscal balance & its funding profile. Moreover, continuation of IMF program and timely materialization of pledged foreign inflows are also critical for the improvement in macro-indicators 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.

DIRECTOR'S REPORT

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

January 28, 2011

TRUSTEE REPORT TO THE UNIT HOLDERS

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

The MCB Cash Management Optimizer (the Fund), an open-end fund was established under a trust deed dated July 10, 2009, executed between MCB Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2010 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 25, 2011

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Cash Management Optimizer Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Management Company (MCB Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Fergusons & Co.
Chartered Accountants
January 28, 2011
Karachi

MCB CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2010



	Note	Unaudited December 31, 2010	Audited June 30, 2010
ASSETS			
Bank balances		2,124,734	477,788
Investments	5	2,912,554	4,275,051
Loans and receivables		3,800,000	1,820,000
Other receivables		21,790	4,229
Preliminary expenses and floatation costs		3,745	4,249
Total assets		<u>8,862,823</u>	<u>6,581,317</u>
LIABILITIES			
Payable to the MCB Asset Management Company Limited - Management Company		9,180	11,589
Payable to the Central Depository Company of Pakistan Limited - Trustee		814	642
Annual Fee payable to the Securities and Exchange Commission of Pakistan		3,128	3,185
Payable against purchase of investments		1,125,871	9,951
Payable on redemption of units		-	18,893
Accrued and other liabilities		22,802	12,047
Total liabilities		<u>1,161,795</u>	<u>56,307</u>
NET ASSETS		<u>7,701,028</u>	<u>6,525,010</u>
Unit holders' fund (as per statement attached)		<u>7,701,028</u>	<u>6,525,010</u>
CONTINGENCIES AND COMMITMENTS			
	6	(Number of units)	
NUMBER OF UNITS IN ISSUE		<u>75,316,166</u>	<u>64,039,551</u>
		(Rupees)	
NET ASSET VALUE PER UNIT	3.3	<u>102.25</u>	<u>101.89</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 CASH MANAGEMENT OPTIMIZER
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010



Note	Half Year ended December 31, 2010	For the period from September 7, 2009 to December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	(Rupees in '000)		(Rupees in '000)	
INCOME				
Capital gain on sale of investments	172,670	(316)	131,292	(316)
Income from government securities	268,481	36,080	150,077	36,080
Profit on money market placement	3,866	22,614	1,858	22,614
Profit on bank deposits and term deposit receipts	51,888	26,709	23,472	26,338
	496,905	85,087	306,699	84,716
Net unrealised appreciation on re-measurement of investments classified as ' financial assets at fair value through profit or loss'	15,262	(1,297)	(38,014)	(1,297)
	512,167	83,790	268,685	83,419
EXPENSES				
Remuneration of the MCB Asset Management Company Limited - Management Company	51,154	8,415	26,806	8,378
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,675	935	2,397	929
Annual fee - Securities and Exchange Commission of Pakistan	3,128	510	1,608	508
Brokerage and settlement charges	751	400	415	400
Amortisation of preliminary expenses and floatation costs	504	255	252	252
Auditors' remuneration	461	185	234	183
Other expenses	467	258	182	256
	61,140	10,958	31,894	10,906
Net income from operating activities	451,027	72,832	236,791	72,513
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	(21,964)	48,901	(8,126)	48,901
Provision for Workers' Welfare Fund	(8,581)	-	(4,573)	-
Net income for the period before taxation	420,482	121,733	224,092	121,414
Taxation	-	-	-	-
Net income for the period after taxation	420,482	121,733	224,092	121,414
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	420,482	121,733	224,092	121,414
Earnings per unit	3.4			

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



	Half Year ended December 31, 2010	For the period from September 7, 2009 to December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	(Rupees in '000)		(Rupees in '000)	
Undistributed income brought forward				
- Realised income	118,268	-	143,117	319
- Unrealised Income	2,789	-	53,276	-
	<u>121,057</u>	<u>-</u>	<u>196,393</u>	<u>319</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 December 31, 2010:				
On October 18, 2010 at Rs 3.1651 per unit				
- Cash distribution	(19,128)	-	(19,128)	-
- Bonus distribution	(231,943)	-	(231,943)	-
Profit during the current period	420,482	121,733	224,092	121,414
Undistributed income carried forward	<u>169,414</u>	<u>121,733</u>	<u>169,414</u>	<u>121,733</u>
Undistributed income comprising:				
- Realised income	154,152	123,030	207,428	123,030
- Unrealised income / (loss)	15,262	(1,297)	(38,014)	(1,297)
	<u>169,414</u>	<u>121,733</u>	<u>169,414</u>	<u>121,733</u>

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



	Half Year ended December 31, 2010	For the period from September 7, 2009 to December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)
Net assets at the beginning of the period	6,525,010	-	7,615,958	1,153,343
Issue of 74,042,185 (2009: 75,528,551) units and 34,232,970 (2009: 63,998,308) units for the six months and quarter respectively	7,501,022	7,675,482	3,480,139	6,522,458
Issue of 3,483,018 and 2,319,433 bonus units for the six months and quarter respectively	348,302	-	231,943	-
Redemption of 66,248,588 (2009: 30,436,549) units and 35,431,852 (2009: 30,436,549) units for the six months and quarter respectively	(6,743,627)	(3,117,380)	(3,608,159)	(3,117,380)
	1,105,697	4,558,102	103,923	3,405,078
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	21,964	(48,901)	8,126	(48,901)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	15,262	(1,297)	(38,014)	(1,297)
Other operating income	405,220	123,030	262,106	122,711
Net income for the period	420,482	121,733	224,092	121,414
Final distribution for the period ended June 30, 2010:				
On July 01, 2010 at Rs 1.8903 per unit				
- Cash distribution	(4,695)	-	-	-
- Bonus distribution	(116,359)	-	-	-
Interim distribution for the period ended December 31, 2010:				
On October 18, 2010 at Rs 3.1651 per unit				
- Cash distribution	(19,128)		(19,128)	-
- Bonus distribution	(231,943)		(231,943)	-
Net assets at the end of the period	7,701,028	4,630,934	7,701,028	4,630,934

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



	Half Year ended December 31, 2010	For the period from September 7, 2009 to December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	420,482	121,733	224,092	121,414
Adjustments for non-cash charges and other items:				
Capital gain on sale of investments		-	(16,422)	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(15,262)	1,297	38,014	1,297
Amortisation of preliminary expenses and floatation costs	504	255	252	252
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	21,964	(48,901)	8,126	(48,901)
	427,688	74,384	254,062	74,062
(Increase) / decrease in assets				
Investments - net	2,493,679	(2,820,201)	(1,397,714)	(2,820,201)
Preliminary expenses and floatation cost	-	(5,000)	-	-
Prepayments	-	(15)	-	10
Other receivables	(17,561)	(20,235)	(20,873)	(17,991)
	2,476,118	(2,845,451)	(1,418,587)	(2,838,182)
Increase / (decrease) in liabilities				
Payable to the Management Company	(2,409)	4,073	(4,083)	4,036
Payable to the Trustee	172	416	50	410
Payable on redemption of units	(18,893)	-	-	-
Annual Fee payable to the Securities and Exchange Commission of Pakistan	(57)	510	1,608	508
Accrued and other liabilities	10,755	5,427	5,903	(1,490)
	(10,432)	10,426	3,478	3,464
Net cashflow used in operating activities	2,893,374	(2,760,641)	(1,161,047)	(2,760,656)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net receipts from issue of units	7,501,022	7,675,482	3,480,139	6,522,458
Net payments on redemption of units	(6,743,627)	(3,097,200)	(3,608,160)	(3,097,200)
Cash dividend paid	(23,823)	-	(19,128)	-
Net cash generated from financing activities	733,572	4,578,282	(147,149)	3,425,258
Net increase / (decrease) in cash and cash equivalents during the period	3,626,946	1,817,641	(1,308,196)	664,602
Cash and cash equivalents at the beginning of the period	2,297,788	-	7,232,930	1,153,039
Cash and cash equivalents at the end of the period	5,924,734	1,817,641	5,924,734	1,817,641

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 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 SECP.

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- 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. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

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 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan, that are not yet effective

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on Fund's operations and are therefore not detailed in these condensed interim financial statements.

3.3 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.

3.4 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 loss per unit is not practicable.

	Note	December 31, 2010	June 30, 2010
		(Rupees in '000)	
4 CASH AND CASH EQUIVALENTS			
Bank balances		2,124,734	477,788
Term deposit receipt		3,800,000	1,820,000
		<u>5,924,734</u>	<u>2,297,788</u>

5 INVESTMENTS

Financial assets at fair value through profit or loss			
- held for trading - Investment in government securities	5.1	<u>2,912,554</u>	<u>4,275,051</u>

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

Government securities	Face Value			Balance as at December 31, 2010			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 Dec 31, 2010	Carrying Value	Market value			Appreciation / (diminution)
	Rupees in '000								
Treasury Bills - 1 year	1,050,000	4,480,060	5,362,000	168,060	161,976	161,903	(73)	2.10	5.56
Treasury Bills - 6 months	3,243,000	6,941,000	10,070,000	114,000	109,925	109,741	(184)	1.43	3.77
Treasury Bills - 3 months	85,000	28,969,200	26,375,700	2,678,500	2,625,391	2,640,910	15,519	34.29	90.67
Total - December 31, 2010					2,897,292	2,912,554	15,262	37.82	100.00
Total, June 30 2010					4,272,262	4,275,051	2,789	65.52	100.00

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2010.

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 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 19.855 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 year ending June 30, 2011 as reduced by capital gains (whether realised or unrealised) to its unit holders.

9 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

9.4 Transactions during the period

	Half Year ended December 31, 2010	For the period from September 7, 2009 to December 31, 2009 (Rupees in '000)	Quarter ended December 31, 2010	Quarter ended December 31, 2009 (Rupees in '000)
Details of the Transactions with connected persons during the period are as follows:				
MCB Bank Limited				
Profit received on deposit accounts	1,655	274	1,273	274
MCB Asset Management Company Limited				
Remuneration of the Management Company	51,154	8,415	26,806	8378
Issue of units Nil (December 2009: 1,000,000 Units)	-	100,000	-	-
Issue of bonus units: 27,448	2,744	-	1,730	-
Redemption of units Nil (December 2009: 493,965 units)	-	50,000	-	50,000
MCB Asset Management Company Limited - Staff Provident Fund				
Issue of bonus units: 609	61	-	39	-
Central Depository Company of Pakistan Limited- Trustee				
Fee charged during the period	4,675	935	2,397	929
Adamjee Insurance Company Limited				
Issue of units: 11,315,143 (December 2009: 28,427,552 Units)	1,150,000	2,911,339	700,000	2,911,339
Issue of bonus units: 107,749	10,775	-	7,838	-
Redemption of units: 9,045,283 (December 2009: 15,179,771 units)	916,601	1,557,839	557,643	1,557,839

9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on January 28, 2011 by the Board of Directors of the Management Company.

10 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and better presentation. During the current period, there were no major reclassifications.

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



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Rated **AM2-(WITH POSITIVE OUTLOOK)** BY **PACRA**