

MCB
DYNAMIC STOCK FUND

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FUND'S INFORMATION

Management Company	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
Company Secretary & Chief Financial Officer of the Management Company	Mr. Muhammad Saqib Saleem	
Audit Committee	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahr-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Bank Alfalah Limited Faysal Bank Limited NIB Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Buliding No.1 Beaumont Road, Civil Lines Karachi. 75530.	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	Arif Habib Investments Limited 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.	
Rating	AM2 (Positive Outlook) – Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED 30 JUNE 2011

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Dynamic Stock Fund's accounts review for the first quarter ended September 30th 2011.

EQUITIES MARKET OVERVIEW

Local equities market opened the year on a low with KSE100 index posting return of -5.87% during the period under review. Alongside negative returns, the market continued to remain dull with consistently low turnover throughout the period remained indicative of investor's shyness towards equity asset class. Even an unexpected 50 bps cut in DR by the SBP in July 2011 failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors. Global equities market went down significantly during the quarter, especially in August, which also had an adverse impact on emerging and frontier markets including Pakistan. Other resistive forces that played a dampening role for the market were political unrest, worsened law and order situation, strained Pak-US relations, floods in Sindh and energy crisis. Better corporate results and payouts by index heavy weights as well as expectations of a major cut in DR in upcoming monetary policy gave much needed support to the market towards the end of quarter and concentrated buying in selective high yielding and defensive stocks helped market to recover around 8.5% of its losses. Chemicals, Oil and Gas and Energy sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on individual financial performance.

FUND PERFORMANCE

MCB-DSF outperformed its benchmark KSE30 index by delivering 2% return while KSE 30 index delivered -3.2% return during the period. Overall equity exposure of the fund was increased by around 2.4%. Exposure in Banks was increased from 13.8% at the beginning of the quarter to 20% at the end of the quarter. Around 3.4% exposure was built in Fixed Line Telecom by buying PTCL. Oil and Gas sector exposure was increased from 29% to 32.4%. ATRL was the new entrant in the sector. Exposure in Chemicals was reduced from 26% to 16% as the fund liquidated almost its entire FFBL holding.

FUTURE OUTLOOK

Negative factors viz. alarming political and geopolitical scenario, deteriorating law and order situation, scarcity of energy, weak macroeconomic fundamentals and bearish trend in big global economies are deep rooted and not expected to reverse in short term. However sizeable cuts in discount rate cuts coupled with strong corporate results of key listed stocks are expected to provide the thrust required to keep the wheel rolling. Moreover strong earnings growth, high dividend yields and relatively cheaper valuation offer decent returns for long term investors.

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

Dated: 26th October 2011
Karachi.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

	Note	Unaudited September 30 2011	Audited June 30 2011
(Rupees in '000)			
ASSETS			
Bank balances		67,423	59,684
Investments	4	596,268	607,079
Dividend and other receivables		4,283	1,902
Receivable against sale of investments		-	30,195
Security deposits and prepayments		3,917	3,952
Preliminary expenses and floatation costs		262	422
Total assets		672,153	703,234
LIABILITIES			
Payable to Management Company		1,779	1,719
Payable to Central Depository Company of Pakistan Limited - Trustee		109	148
Annual fee payable to Securities and Exchange Commission of Pakistan		153	635
Payable against purchase of investments		26,661	
Payable against redemption of units		2	2
Accrued and other liabilities		7,408	7,858
Total liabilities		36,112	10,362
NET ASSETS		636,041	692,872
Unit holders' fund (as per statement attached)		636,041	692,872
(Number of units)			
Number of units in issue		7,540,279	8,377,549
(Rupees)			
Net asset value per unit		84.35	82.71

The annexed notes 1 to 11 form an integral part of these financial statements.

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	September 30, 2011	September 30, 2010
		(Rupees in '000)	
INCOME			
Capital gain on sale of investments		(3,500)	9,592
Dividend income		7,217	5,547
Income form Government Securities		-	2,342
Profit on bank deposits and term deposit receipts		2,224	1,190
		5,941	18,671
Net unrealised appreciation on re - measurement of investments classified as ' financial assets at fair value through profit or loss '		14,052	20,310
		19,993	38,981
EXPENSES			
Remuneration of Management Company	5	5,584	5,142
Remuneration of Central Depository Company of Pakistan Limited - Trustee		321	343
Annual fee - Securities and Exchange Commission of Pakistan		153	163
Brokerage, capital value tax and settlement charges		1,102	1,238
Amortisation of preliminary expenses and floatation costs		161	161
Auditors' remuneration		157	131
Other expenses		132	227
		7,610	7,405
Net income from operating activities		12,383	31,576
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		28,992	(806)
Provision for Workers' Welfare Fund	6	-	(615)
Net income for the period before taxation		41,375	30,155
Taxation	7	-	-
Net income for the period after taxation		41,375	30,155
Other comprehensive income for the period		-	-
Total comprehensive income for the period		41,375	30,155
Earnings / (loss) per unit	8		

The annexed notes 1 to 11 form an integral part of these financial statements.

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30, 2011	September 30, 2010
	(Rupees in '000)	
Loss brought forward	(144,892)	(22,327)
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)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount forms part of the unit holders' fund	(14,480)	(30,708)
Net income for the period after taxation	41,375	30,155
(Loss) / Undistributed Income carried forward	<u>(117,997)</u>	<u>(148,493)</u>

The annexed notes 1 to 11 form an integral part of these financial statements.

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	September 30, 2011	September 30, 2010
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		41,375	30,155
Adjustments for non-cash charges and other items:			
Capital loss on sale of investments		3,500	(104,236)
Dividend income		(7,217)	(13,328)
Profit on bank deposits		(2,224)	(1,572)
Net unrealised diminution / (appreciation) on re - measurement of investments classified as ' financial assets at fair value through profit or loss '		(14,052)	(102,466)
Amortisation of preliminary expenses and floatation costs		161	161
Element of (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed		(28,992)	806
		(7,449)	(190,480)
(Increase) / decrease in assets			
Investments - net		78,218	47,972
Other receivables		(2,381)	-
Security deposits and prepayments		35	(78)
		75,872	47,894
Increase / (decrease) in liabilities			
Payable to Management Company		60	(1,034)
Payable to Central Depository Company of Pakistan Limited		(39)	42
Annual fee payable to Securities and Exchange Commission of Pakistan		(482)	(396)
Accrued and other liabilities		(450)	363
		(911)	(1,025)
		67,512	40,618
Dividend received		7,217	8,251
Profit received on bank deposits		2,224	1,027
Net cash flow from / (used in) operating activities		76,953	49,896
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipt from issue of units		9,977	159,626
Net payments on redemption of units		(79,191)	(224,828)
Net cash (used in) / generated from financing activities		(69,214)	(65,202)
Net increase in cash and cash equivalents during the period		7,739	(15,306)
Cash and cash equivalents at the beginning of the period		59,684	61,103
Cash and cash equivalents at the end of the period	9	67,423	45,797

The annexed notes 1 to 11 form an integral part of these financial statements.

For Arif Habib Investments Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	September 30, 2011	September 30, 2010
	(Rupees in '000)	
Net assets at the beginning of the period	692,872	650,847
Issue of units 124,443 (2010: 376,642 units)	9,977	30,745
Issue of Nil (2010: 1,609,919) Bonus Units	-	125,613
Redemption of units 961,713 (2010: 589,182 units)	(79,191)	(48,132)
	(69,214)	108,226
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	(28,992)	806
- amount representing income that forms part of unit holders' fund - transferred to distribution statement	14,480	30,708
	(14,512)	31,514
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	(14,480)	(30,708)
Net unrealised appreciation on re - measurement of investments classified as ' financial assets at fair value through profit or loss '	14,052	20,310
Other operating loss / income	27,323	9,845
Net income for the period	41,375	30,155
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)
The annexed notes 1 to 11 form an integral part of these financial statements.	636,041	664,421

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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 a collective 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 (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

Based on shareholders' resolutions of MCB Asset Management Company Limited (MCB-AMC) and Arif Habib Investments Limited (AHI) the two companies have merged as of 27th June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHI being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30th July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honourable SHC. The honourable SHC has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

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 the 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 Securities and Commission of Pakistan.

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

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an Asset Manager rating of AM2 "positive outlook" to the Management Company and a short term star ranking 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, 2007 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2011

4 INVESTMENTS

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

	September 30, 2011	June 30, 2011
Note		
4.1	596,268	607,079
	<u>596,268</u>	<u>607,079</u>

4.1 Listed equity securities - at fair value through profit or loss

Name of investee company	Number of shares					Balance as at September 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid up capital of investee company held
	As at July 1, 2011	Purchased during the year	Bonus / right shares	Disposed of during the year	As at September 30, 2011	Cost	Market value	Appreciation / (diminution)			
----- (Rupees in '000') -----											

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

Automobile and Parts

Agriauto Industries Limited *	123,313				123,313	8,570	8,046	(524)	1.27	1.35	0.86%
Pak Suzuki Motor Company Limited	3,579				3,579	224	245	21	0.04	0.04	0.00%
						<u>8,794</u>	<u>8,292</u>	<u>(503)</u>	<u>1.31</u>	<u>1.39</u>	

Banks

Allied Bank Limited	314,737	166,000		10,102	470,635	29,965	28,473	(1,492)	4.48	4.78	0.05%
Bank ALHabib Limited	658,399	170,000		14,509	813,890	23,953	24,311	357	3.82	4.08	0.09%
MCB Bank Limited	-	100,196		10,000	90,196	15,627	15,628	1	2.46	2.62	0.00
Meezan Bank Limited	1,291,574	16,200		-	1,307,774	22,870	26,286	3,416	4.13	4.41	0.16%
National Bank of Pakistan	85,000	520,000		255,000	350,000	14,930	16,030	1,100	2.52	2.69	0.02%
Soneri Bank Limited	1,910,000	300,000		-	2,210,000	10,884	10,630	(254)	1.67	1.78	0.42%
United Bank Limited	316,686	-		98,762	217,924	13,492	13,106	(386)	2.06	2.20	0.02%
						<u>131,721</u>	<u>134,465</u>	<u>2,744</u>	<u>21.14</u>	<u>22.56</u>	

Chemicals

Engro Corporation Limited	310,856	270,000		289,973	290,883	43,530	41,710	(1,820)	6.56	7.00	0.07%
Fatima Fertilizers Company Limited	2,092,762	-		1,175,000	917,762	15,272	17,300	2,028	2.72	2.90	0.05%
Fauji Fertilizer Bin Qasim Limite	693,639	100,000.00		792,001	1,638	70	96	26	0.02	0.02	0.00%
Fauji Fertilizer Company Limited	450,215	75,000		255,058	270,157	41,626	43,738	2,113	6.88	7.34	0.03%
Engro Foods Limited	-	35,000			35,000	500	493	(8)	0.08	0.08	0.00%
						<u>100,997</u>	<u>103,337</u>	<u>2,339</u>	<u>16.26</u>	<u>17.34</u>	

Construction and Materials

Lucky Cement Limited	119,635	476,500		180,000	416,135	30,348	31,427	1,079	4.94	5.27	0.13%
						<u>30,348</u>	<u>31,427</u>	<u>1,079</u>	<u>4.94</u>	<u>5.27</u>	

Electricity

The Hub Power Company Limite	1,526,718	108,995		426,151	1,209,562	45,636	50,197	4,561	7.89	8.42	0.10%
Kot Addu Power Company Limite	363,585	190,000		273,260	280,325	11,722	12,643	921	1.99	2.12	0.03%
Nishat Chunian Power Limited	664,471	-		50,000	614,471	8,431	8,769	338	1.38	1.47	0.17%
Nishat Power Limited	1,645,504	185,000		352,301	1,478,203	22,858	22,336	(523)	3.51	3.75	0.42%
						<u>88,647</u>	<u>93,944</u>	<u>5,297</u>	<u>14.77</u>	<u>15.76</u>	

Fixed Line Telecommunication

Pakistan Telecommunication Company Limited	-	1,850,000			1,850,000	21,257	21,497	240	3.38	3.61	0.5%
						<u>21,257</u>	<u>21,497</u>	<u>240</u>	<u>3.38</u>	<u>3.61</u>	

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

Name of investee company	Number of shares					Balance as at September 30, 2011			Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid up capital of investee company held
	As at July 1, 2011	Purchased during the year	Bonus / right shares	Disposed of during the year	As at September 30, 2011	Cost	Market value	Appreciation / (diminution)			
------(Rupees in'000')-----											
Oil and Gas											
Attock Refinery Limited	-	85,000		35,000	50,000	5,909	5,555	(354)	0.87	0.93	0.00%
National Refinery Limited	-	41,400		41,400	-	-	-	-	-	-	-
Attock Petroleum Limited	77,112	5,000			82,112	30,608	32,668	2,060	5.14	5.48	0.12%
Oil and Gas Development Company Limited	99,100	104,576		84,701	118,975	16,089	15,721	(368)	2.47	2.64	-
Pakistan Oilfields Limited	151,561	127,500		119,000	160,061	57,283	58,960	1,677	9.27	9.89	0.07%
Pakistan Petroleum Limited	237,151	73,613	18,212	151,722	177,254	33,302	33,602	300	5.28	5.64	0.01%
Pakistan State Oil Company Limited	213,615	39,500		30,000	223,115	57,260	56,801	(460)	8.93	9.53	0.13%
						200,451	203,307	2,856	31.96	34.11	
Personal goods											
Gadoon Textile Mills Limited	3,778			3,778	-	-	-	-	-	-	-
Nishat Mills Limited	-	50,000		50,000	-	-	-	-	-	-	-
						-	-	-	-	-	
Total - September 30 2011						582,216	596,268	14,052	93.76	100	
Total - June 30, 2011						589,238	607,079	17,841	87.64	100	

4.1.1 Investments include shares with market value aggregating to 42 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 the SECP.

5 REMUNERATION OF THE MANAGEMENT COMPANY

During the period, through Sindh Sales Tax on services Act 2011, General Sales Tax on Fund Management services has been improved @ 16%, effective from July 1, 2011. Management fee changed during the period includes General Sales Tax.

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 Honourable 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. However on December 14, 2010 the Ministry 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 Court.

Subsequent to 30 June 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the Sindh High Court (SHC), in the basis of this recent position development, the management has decided not to accrue further provision against WWF. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has not reversed the provision of Rs. 6.456 million for WWF. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs. 0.828 million.

7 TAXATION

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

8 EARNINGS / (LOSS) PER UNIT

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

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, MCB Bank Limited being the Parent company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors holding 10% or more units of the Fund.

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 the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively.

9.4 Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	September 30 2011	September 30 2010
	(Rupees in '000)	
9.5 Details of the transactions with the connected persons during the period are as follows:		
Staff provident fund of the Management Company		
Issue of Nil bonus units (2010: 1,666 units)	-	130
MCB Bank Limited		
Mark-up received	1,715	498
Dividend income received	120	262
Issue of NIL bonus units (2010: 199,426 units)	-	15,560
Hub Power Company Limited		
Dividend income received	-	2,273
D.G khan Cement Company Ltd Employees Provident Trust		
Issue of NIL bonus units (2010: 3,259 units)	-	254
MCB Employees Pension Fund		
Issue of Nil bonus units (2010: 147,526 units)	-	11,511
MCB Employees Provident Fund		
Issue of Nil bonus units (2010: 192,511 units)	-	15,021
Arif Habib Investments Limited		
Remuneration of the Management Company	5,584	3,475
Management fee payable	1,779	-
Bank of Punjab		
Issue of NIL bonus units (2010: 387,023 units)	-	30,197
Redemption of 496,075 units (2010: Nil units)	41,300	-
Key management personnel		
Issue of units	301	314
Issue of bonus units	-	84
Redemption of units	1,368	242

	September 30 2011	June 30 2011
	(Rupees in '000)	
9.6 Amount outstanding as at the period / year end		
MCB Asset Management Company Limited		
Management fee payable	1,779	1,713
MCB Bank Limited		
Bank balances	58,015	43,839
Profit receivable on bank balances	1,086	80
90,196 shares held by the Fund as at Sep. 30, 2011 (2010: Nil shares)	15,628	-
Hub Power Company Limited		
1,209,562 shares held by the Fund as at Sep. 30, 2011 (2010: 1,526,718 shares)	50,197	57,252
Fatima Fertilizers Company Limited		
917,762 shares held by the Fund as at Sep. 30, 2010 (2010: 2,092,762 shares)	17,300	34,823
D.G.Khan Cement Company Limited Employees Provident Fund		
21,065 units held (2010: 21,065 units)	1,777	1,742
Bank of Punjab		
2,501,386 units held (2010: 2,501,386 units)	210,998	206,879
MCB Employees Provident Fund		
1,244,225 units held (2010: 1,244,225 units)	104,953	102,905
MCB Employees Pension Fund		
953,483 units held (2010: 953,483 units)	80,429	78,859
Central Depository Company of Pakistan Limited		
Trustee fee payable	102	114
CDC settlement charges payable	7	34
Security deposit	200	200
Key management personnel		
5,555 units held (2010: 18,874 units)	469	1,561

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on October 26, 2011 by the Board of Directors of the Management Company.

11 GENERAL

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

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director