

Funds Managed by:
AKD Investment Management Ltd.

2012



annual report



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Experience**



**AKD Investment
Management Ltd.**

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CORPORATE INFORMATION

Farrukh Shaukat Ansari
Chairman



Ali Qadir Gilani
Director



Imran Motiwala
Chief Executive Officer



MANAGEMENT COMPANY
AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman

Mr. Farrukh Shaukat Ansari

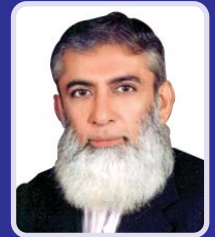
Chief Executive Officer

Mr. Imran Motiwala

Director

Mr. Ali Qadir Gilani
Mr. M. Ramzan Sheikh
Mr. Aurangzeb Ali Naqvi
Mr. Muhammad Amin Hussain
Mr. Nadeem Saulat Siddiqui

**Muhammad
Amin Hussain**
Director



Aurangzeb Ali Naqvi
Director



CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

AUDIT COMMITTEE

Mr. Ali Qadir Gilani (Chairman)
Mr. Aurangzeb Ali Naqvi (Member)
Mr. M. Ramzan Sheikh (Member)
Mr. Muhammad Yaqoob (Secretary)

**Nadeem
Saulat Siddiqui**
Director



M. Ramzan Sheikh
Director



INTERNAL AUDITORS

Rafaqat Mansha Mohsin
Dossani Massom & Co.
Chartered Accountants
Suite 113, 3rd Floor,
Hafeez Centre, KCHS,
Block 7 & 8, Shahrah-e-Faisal,
Karachi-75350

RATING

AKD Investment Management Ltd. (AMC)
JCR-VIS: AM3- (AM Three Minus)

Vision



To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.

Mission Statement



AKD Funds shall continuously strive to:

- ▶ *Keep primary focus on investing clients' interest*
- ▶ *Achieve highest standards of regulatory compliance and good governance*
- ▶ *Prioritize risk management while endeavoring to provide inflation adjusted returns on original investment*
- ▶ *Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy*
- ▶ *Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent superior performance*
- ▶ *Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth*

Key Management Profile

Imran Motiwala - Chief Executive Officer

Mr. Motiwala became the CEO of AKD Investment Management Limited on April 26, 2011 and has also been serving as the CEO of Golden Arrow Selected Stocks Fund Limited since December 17, 2008. Mr. Motiwala had been designated as the Chief Operating Officer when he joined AKD Investment Management Limited in 2006 besides serving on the board of the Company from 2007. While at AKD Investment Management Limited he has undertaken several executive roles instrumental in building the Company's business besides serving as an Investment Committee Member for the funds under management of the Company. Mr. Motiwala has almost 18 years experience of the capital markets from securities broking to asset management. Mr. Motiwala has had the honor of working with several leading reputable companies from his career beginnings with Ali Hussain Rajabali to serving institutional clients at JPMorgan based in Karachi, Pakistan. Mr. Motiwala then moved over to the buy-side and joined ABAMCO Limited (JS Investments Limited) in 2002 as a fund manager and was assigned the launching and managing of a fixed income fund. He later then joined Crosby Asset Management (Pakistan) Limited in 2003 as Head of Fund Management undertaking the entire asset management business. Mr. Motiwala graduated with Marketing major from the Southeastern University (Karachi Campus) in 1994.

Muhammad Munir Abdullah - Chief Financial Officer

Mr. Muhammad Munir Abdullah joined AKD Investment Management Limited in 2005 as Manager Accounts. He has vast experience of over fifteen years of working with reputable organizations in the area of accounting & finance. Currently he is working as Chief Financial Officer at AKD Investment Management Limited.

Nadeem Saulat Siddiqui - Executive Director

Mr. Nadeem Saulat Siddiqui has 19 years of experience on senior positions of Sales, Marketing and resource development. He has been associated with Shaukat Khanum Memorial Cancer Hospital & Research Center over 16 years. He is serving at AKD Investment Management Limited since June 2009 and currently he is working under capacity of Executive Director at AKD Investment Management Limited. Mr. Siddiqui got his MBA degree from College of Business Administration, Lahore in the year 2000. His areas of expertise include sale, marketing, resource development and relationships building.

Muhammad Yaqoob - Chief Investment Officer & Company Secretary

Mr. Muhammad Yaqoob is currently working as the Chief Investment Officer and Company Secretary at AKD Investment Management Limited. He joined AKD Investment in the year 2005 and has worked in various capacities including Research, Product Development, Business Development and Fund Management. He participated in the launch of AKD Index Tracker Fund, AKD Opportunity Fund, AKD Aggressive Income Fund (formerly AKD Income Fund) and AKD Cash Fund. He also participated in the conversion of AKD Index Tracker Fund from a closed-end scheme to an open-end scheme. He is currently heading the team managing assets of above Rs. 2.5 billion. He holds a Masters in Business Administration majors in Finance and a candidate of CFA Level III. He is also serving as a Director at Pak Datacom Limited.

Carrow Michael - Head of Operations

Mr. Carrow Michael is currently working as Head of Operations at AKD Investment Management Limited. Mr. Michael started his career with AKD Investment Management Limited in 2006 as an Operations Officer and since then has served on various positions in Operations Department within the AKDIML. Mr. Michael holds a Masters Degree in Finance from Khadim Ali Shah Bukhari Institute of Technology, Karachi. His areas of expertise include system development, customer support and information technology.

Report of the Directors of the Management Company

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of **AKD Aggressive Income Fund (AKDAIF) formerly AKD Income Fund, AKD Cash Fund (AKDCF), AKD Opportunity Fund (AKDOF) and AKD Index Tracker Fund (AKDITF)** is pleased to present its report along with the annual audited financial statements for the financial year ended June 30, 2012.

ECONOMIC REVIEW AND OUTLOOK

Pakistan's economy grew at the rate of 3.7% for the fiscal year 2011-12 below the target of 4.2%. The Industrial sector remained primarily affected by infrastructural weaknesses with gas and electricity outages and therefore worked under capacity. As a result, the sector grew only by 3.6% taking its due toll on exports as well. The Agricultural sector grew by only 3.1% short of the target of 3.4% on the back drop of floods which adversely affected the province of Sindh during the year. The Services sector was unable to perform and failed to achieve its target of 5.0% and grew by 4.0%. Foreign Direct Investment (FDI) continued to show a strong declining trend and decreased by an unprecedented 50% to USD 812mn versus 1.634bn last year. Increase in global commodity prices especially crude oil resulted in a current account deficit of USD 4.52bn versus a surplus of USD 0.21bn last year. Worker's home remittances maintained their rising trend and reached a record USD13.2bn versus USD 11.2bn for the corresponding period.

Global economies generally continued to show weak performance barring few exceptions with the US and Euro zone debt crisis continuing to hinder global economic recovery. On the domestic front, strained ties with the US, coupled with soaring international commodity prices resulted in a higher fiscal deficit. However, the economic managers were able to restrict inflation below the government's estimate of 12%. The decline in inflation rate year on year basis provided the much needed financial opportunity to encourage private sector credit off-take besides kick start an ailing economy, the State Bank of Pakistan capitalized this window and reduced the discount rate by 200 basis points to stand at 12.00% by fiscal year ended 30 June 2012.

Although, inflation has declined this fiscal year, however major factors impeding growth also included the deteriorating law and order situation and infrastructural weaknesses, which will inevitably need to be addressed.

For the fiscal year 2012-13, the overall economic scenario is expected to improve. The premise that subsequent to the re-opening of the NATO supply routes to Afghanistan, financial assistance from the US and other bilateral and multilateral agencies would gradually resume. Additionally, a decline in the international commodity prices witnessed during the preceding months are also expected to reduce pressures on the current and fiscal accounts going forward.

EQUITY MARKET REVIEW AND OUTLOOK

The KSE-100 index increased by 10.45% for the fiscal year 2011-12, however performance remained tilted towards the second half subsequent to the announcement of the revamping of the Capital Gains Tax by the Finance Minister in the month of January 2012. In the first half of FY 2011-2012, the index lost 1148.37 points or 7.39%, however subsequent to the announcement of the revamping of the capital gains tax, the market bounced back by 2453.75 points or 21.62% resulting in an overall return of 10.45% for the fiscal year 2011-12. The performing sectors included Cements, House Hold Goods, Financial Services, Technology Hardware and Equipment, Industrial Transportation and Support Services, indicating that the Index rally broad based.

Key features of the Capital Gains Tax (CGT) relief package included: 1) exemption from disclosing the source of income for investors investing in the stock market till Jun 2014 provided that such investors remained invested in a single stock for a minimum of 120 days 2) Freezing of CGT rates at current levels; 3) Waiving off withholding tax on sale transactions; and 4) Centralized collection and calculation of CGT by the National Clearing Company of Pakistan.

During the period, the SECP also notified relaxation measures in the Margin Trading System Rules to increase volumes. 1) Individuals to act as financiers and 2) Combination of cash and securities as margins compared to cash-only margins earlier. 3) Financier participation ratio reduced to 15% from the previous 25%.

However, uncertainty and continuous depreciation of the Pak Rupee hindered foreign investor sentiment and as a result annual FIPI recorded a net outflow of USD \$ 189.13 million. Rupee dollar parity is expected to stabilize as NATO supplies resume and Pakistan receiving the outstanding \$1.1 billion under the head of Coalition Support Fund, while reaching a new understanding with the IMF may be consequential. Improvement in strategic and diplomatic relations with the US, coupled with further decline in international commodity prices (especially Crude Oil), the receipt of budgeted funds under the coalition support fund and aid from other bilateral and multilateral donor agencies plus a hopefully successful auction of 3G licenses, will likely provide relief to the soaring current account deficit going forward. With inflation to remain in single digits for the fiscal year 2012-13 and State Bank's inclination towards the revival of the private sector credit off-take we believe interest rates to settle around 10% for the fiscal year 2012-13.

On the whole, the index is expected to remain firm for the coming months as investors will need to eventually seek out relatively higher yielding investments and move out of the safe haven investments like Government securities. While the index is expected to test its all time high, the strategy would be to invest carefully considering the fundamentals of stocks in order to secure promising gains in the future.

MONEY MARKET REVIEW AND OUTLOOK

In the first half of the year 2012, the State Bank of Pakistan reduced the discount rate by 200 points due to a decrease in inflation to note here that the CPI basket was reconstituted which helped mitigate the higher food prices to some extent. Later in the year as the country's current and fiscal accounts turned into deficits, no foreign inflows due to uneven ties with the US and low tax base forced the SBP to keep the discount rate unchanged in the second half. Government borrowing from the SBP and the banking system continued in order to support twin deficits and meet its expenditure requirements which kept the money market illiquid at record levels.

For the year 2013, as inflation numbers further improved, the SBP with its stance to steer growth which is plausible under better private sector credit off-take, reduced the discount rate by an additional 200 basis points in the first four months of the current fiscal year to stand at 10.00%. However, infrastructural weaknesses and a law & order would continue to hamper the economic growth as may be initially envisioned. With FY13 being election year, government expenditures are to increase with lesser concerns to address these infrastructural weaknesses.

We foresee very little room for further rate cuts in the current fiscal, with foreign reserves to deteriorate due to re-payments to the IMF and other donor agencies, no major foreign inflows expected in the current fiscal resulting in increased borrowing of the government from the SBP and the banking system resulting in the sustaining of the inflation and crowding out of private sector credit off-take.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

- (a) The financial statements, prepared by the Management Company of the Funds, present its state of affairs fairly, the result of its operations, cashflows and movement in unit holders' funds.
- (b) Proper books of account of the Funds have been maintained.
- (c) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of the Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements and any departures there from has been adequately disclosed and explained.

- (e) The existing system of internal control is sound in design and has effectively implemented. The existing system of internal control and other procedure is being continuously reviewed by Internal Auditor. The process of review will continue and any weakness in controls will have immediate attention of the Management.
- (f) There are no doubts upon the Funds' ability to continue as a going concern.
- (g) The Corporate Governance regulations, as detailed in the listing regulations, have been fully complied.
- (h) No Statutory payment on account of taxes, duties, levies and other charges is outstanding towards the Funds other than as disclosed in Financial Statements.
- (i) During the year, 5 meetings of the Board of Directors were held. The details of meetings of board and attendance is as under:

Name of Director	Total No. of Meetings Held	Meetings Attended	Leave Granted
Mr. Farrukh Shaukat Ansari	5	4	1
Mr. Imran Motiwala	5	5	-
Mr. Ali Qadir Gilani	5	5	-
Mr. M.Ramzan Sheikh	5	-	5
Mr. Muhammad Amin Hussain	5	3	2
Mr. Nadeem Saulat Siddiqui	5	5	-
Mr. Aurangzeb Ali Naqvi*	1	1	-
Mr. Taufique Habib*	4	3	1

*Mr. Aurangzeb Ali Naqvi was appointed on February 29, 2012 in place of Mr. Taufique Habib. During the year one casual vacancy occurred in the Board due to resignation of Mr. Taufique Habib, which was filled by appointing Mr. Aurangzeb Ali Naqvi respectively by the Board.

- (j) No trade in the units of Funds have been carried out by Directors, executives and their spouses and minor children of the management company other than as disclosed below and in the note to the Financial Statements:

S.No.	Trades by	Designation	Investment (No.of units)	Redemption (No. of units)
AKD Index Tracker Fund				
1.	Mr. Imran Motiwala	CEO	43,564	-
AKD Opportunity Fund				
1.	Mr. Imran Motiwala	CEO	9,810	-
2.	Mr. Nadeem Saulat Siddiqui	Executive Director	18,991	-

RATING OF THE MANAGEMENT COMPANY

In March 2012, Credit Rating Company Ltd. (JCR-VIS) has downgraded the Management Quality (MQ) Rating of AKD Investment Management Limited at 'AM3-'(AM Three Minus).

RATING OF FUNDS

AKD AGGRESSIVE INCOME FUND

JCR-VIS Credit Rating Company Limited has assigned the Fund Stability Rating of AKD Aggressive Income Fund (AKDAIF) at 'BBB (f)' (Triple B (f)) on March 27, 2012.

AKD OPPORTUNITY FUND

JCR-VIS credit rating Company Limited has assigned the 1 year Ranking of Fund performance ranking of AKD Opportunity Fund (AKDOF) at "MFR 5-Star" on August 1, 2012.

AKD CASH FUND

JCR-VIS Credit Rating Company Limited has assigned the Fund stability rating of AKD Cash Fund (AKDCF) at AA+ (f) on April 11, 2012.

PATTERN OF UNITHOLDING

The detailed pattern of unit holding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is enclosed in the financial statements.

APPOINTMENT OF AUDITORS

The Board re-appointed M/s M. Yousuf Adil Saleem & Co., Chartered Accountants as the statutory auditor for AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF) for the year 2012-2013 as recommended by the audit committee.

The Board re-appointed M/s KPMG Tasser Hadi & Co., Chartered Accountants as the statutory auditors for AKD Opportunity Fund (AKDOF) and AKD Index Tracker Fund (AKDITF) for the year 2012-2013 as recommended by the audit committee.

The Board re-appointed M/s Anjum Asim Shahid Rahman Chartered Accountants as statutory auditors of AKD Investment Management Limited for the year 2012-2013 as recommended by the audit committee.

ACKNOWLEDGEMENTS

The Directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, the Ministry of Finance, the State Bank of Pakistan and the Management of the Stock Exchange for their support to the Mutual Fund Community as a whole and our Trustee M/s Central Depository Company of Pakistan Limited for their cooperation and support to us. The Board also appreciates the devoted work performed by the staff and officers of the Management Company. The Board will also like to thank unitholders for their confidence in the Funds and their continued support and guidance.

For and on behalf of the Board

Karachi: October 23, 2012

Imran Motiwala
Chief Executive Officer

AKD AGGRESSIVE INCOME FUND

(Formerly AKD Income Fund)
Financial Statements - 2012

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AKD AGGRESSIVE INCOME FUND

(Formerly AKD Income Fund)



MANAGEMENT COMPANY

AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

INTERNAL AUDITORS

Rafaqat Mansha Mohsin
Dossani Massom & Co.
Chartered Accountants
Suite 113, 3rd Floor,
Hafeez Centre, KCHS,
Block 7 & 8, Shahrah-e-Faisal,
Karachi-75350

TRUSTEE

Central Depository Company
of Pakistan Limited
CDC House 99-B, Block-B
S.M.C.H.S.,
Main Shakra-e-Faisal,
Karachi.

BANKERS

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
KASB Bank Limited
MCB Bank Limited
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

AUDITORS

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350

LEGAL ADVISER

Sattar & Sattar Attorneys -at -law
3rd Floor, UBL Building,
I.I. Chundrigar Road, Karachi

REGISTRAR

AKD Investment Management Limited.
216 - 217, Continental Trade Centre,
Block-8, Clifton Karachi-74000
UAN: 111-253-465 (111-AKDIML)

DISTRIBUTORS

AKD Investment Management Limited
AKD Securities Limited
BMA Capital Management Limited
IGI Investment Bank Limited
KASB Securities Limited
The Bank of Punjab
Accesss Financial Services (Private) Limited
Al-Falah Securities (Private) Limited
Reliance Financial Products (Private) Limited
Bulls & Bulls (Private) Limited

RATING

AKD Aggressive Income Fund (Fund)
(formerly AKD Income Fund)
JCR-VIS: BBB(F) [Triple B (F)]

FUND MANAGER'S REPORT

AKD Aggressive Income Fund posted an annualized return of 10.46% for FY12 (Opening Ex-NAV of PKR 46.82725 and ending NAV of PKR 51.72459). The management of the AKD Aggressive Income Fund continued to invest in high yielding investment avenues coupled with deploying excess liquidity in Margin Trading System (MTS) which has in built risk mitigation features.

Investment strategy

AKD Aggressive Income Fund (AKDAIF) is a dedicated Fund that focuses primarily on fixed income securities and instruments. The strategy of AKDAIF is to offer investors a convenient and liquid vehicle to invest in a diversifying portfolio of fixed income securities / instruments that provide consistent returns while striving for preservation of capital.

Investing activities

The fund continued to reduce its exposure towards legacy distress and non performing investments and re-deploy the generated liquidity in government treasury securities and Margin Trading System in order to generate better returns with minimum risk exposure.

Portfolio of AKDAIF comprises of 17.02% in Cash and Cash equivalent versus 29.91% as of June 30, 2011, 4.48% in T-Bills exceeding 90 days maturity versus 11.69% as of June 30, 2011, 4.68% placement with NBFCs versus 7.34% as of June 30, 2011, 2.66% preference shares versus 2.74% as of June 30, 2011, 29.95% in MTS versus 3.25% as of June 30, 2011 and 38.75% in TFCs and SUKUK versus 44.33% as of June 30, 2011 and 2.46% in other assets including receivables versus 0.74% last year.

Non Compliant Investments

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held if any	Value of investment after provision	Percentage of Net Assets	Percentage of Gross Assets	Remarks
----- Rupees in '000' -----							
Security Leasing Corporation Limited	Preference shares	11,352	-	11,352	2.66%	2.56%	Preference shares do not fall within the purview of prescribed securities of Aggressive Fixed Income Scheme.

Economy Review

The FY 2012 Economic survey highlights that economic activity accelerated to 3.7% YoY in FY-2012, up from 3% in FY-2011. The main growth drivers were record government spending and record remittance from overseas Pakistanis. Consumer spending increased by 11% YoY on grounds of higher Government spending and sustained house hold spending on the back of record remittances. To note CPI inflation softened due to a re-composition of the CPI basket. The State Bank of Pakistan's focus continued towards the growth of the economy which is only plausible if growth is witnessed in the private sector credit off-take, reducing the discount rate by 200 basis points to 12%.

The country once again faced the challenges of twin deficits. Fiscal deficit for the year ballooned to a record of PKR 1.7 trillion (8.6% of GDP) in FY-12 against the budgeted target of 4.7%, mainly because of high energy subsidies and lower than targeted tax collection. Resultantly, during the year Government printed PKR 500 billion nearly 2.5% of GDP to finance large deficit.

Global economies generally continued to show weak performance barring few exceptions with the US and Euro zone debt crisis continuing to hinder global economic recovery. On the domestic front, strained ties with the US, coupled with soaring international commodity prices resulted in a higher fiscal deficit. However, the economic managers were able to restrict inflation, below the government's estimate of 12%.

Although, inflation has declined this fiscal year, however major factors impeding growth include the deteriorating law and order situation and infrastructural weaknesses, which will inevitably need to be addressed.

For the fiscal year 2013, overall economic scenario is expected to improve. The premise that subsequent to the re-opening of the NATO supply routes to Afghanistan, financial assistance from the US and other bilateral and multilateral agencies would gradually resume. Additionally, a decline in the international commodity prices witnessed during the preceding months are expected to also reduce pressures on the current and fiscal accounts going forward.

By overseeing current global economic situation, prices of commodities especially oil are expected to remain volatile. Considering approximately one third of Pakistan's total import is represented by oil and oil related products, a decrease in prices of crude oil is expected to be a major positive.

On the whole Pakistan economy has improved as compared to last fiscal year, major macro numbers have shown improvements in this fiscal year. But without a true commitment from politician, they cannot be sustained. Efforts regarding tough choices such as restructuring public sector companies, removing subsidies and widening tax collection net need to be made further.

Moving ahead we believe that in future economic recovery is expected on ground of easing of inflationary pressure due to decline in oil prices which will force Central Bank to cut discount rate which result in increase private sector borrowings from Commercial Banks.

However, political uncertainty, unprecedented power outages, infrastructural weaknesses and minimal focus on reforms during election year have kept investors skeptical of a material economic turnaround.

Lastly, improvement in strategic but diplomatic relations with the US, coupled with further decline in international commodity prices including the crude oil, the receipt of funds under the coalition support fund and other aid from other bilateral and multilateral donor agencies plus successful auction of 3G licenses, will likely provide relief to the soaring current account deficit.

Fund Strategy

Given the above risk, the Investment Committee will closely monitor the macroeconomic and political environment in order to make any significant portfolio changes if and when deemed necessary. We would continue to invest excess liquidity in Government treasury bills, good credit quality corporate debt and Margin Trading System in order to enhance the yield along with the concern for the preservation of capital.

Distribution for the Year

The Board has approved a bonus of Rs. 4.50 per unit, 9.61% on the opening Ex-NAV and 9.00% of the Par value Rs. 50 for FY-12. (Unit holders who have opted for cash payout received cash payment accordingly).

DETAILS OF PATTERN OF HOLDING (UNITS)

As At June 30, 2012

	Units Held
Associated Companies	Nil
Directors and CEO	Nil
NBFCs	-
Banks/ DFIs	1,571,559
Retirement Funds	6,181,387
Others	2,536
Individuals	498,804
Total	8,254,286

TRUSTEE REPORT TO THE UNIT HOLDERS

AKD AGGRESSIVE INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Aggressive Income Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 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.

Karachi: October 31, 2012

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

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented with the Code of Corporate Governance ("the code") contained in Chapter XI of the listing regulation of the Karachi Stock Exchange where **AKD Aggressive Income Fund (Formerly AKD Income Fund)** ("the Fund") is listed. The purpose of the code is to establish a framework of good governance, whereby listed company is managed in compliance with the best practices of corporate governance.

AKD Investment Management Limited ("the Management Company") which manages the affairs of the Fund has applied the principles contained in the Code in the following manner:

1. The Management company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Name
Independent Directors	Mr. Farrukh Shaukat Ansari Mr. Ali Qadir Gilani Mr. M.Ramzan Sheikh
Executive Directors	Mr. Imran Motiwala Mr. Nadeem Saulat Siddiqui
Non Executive Directors	Mr. Muhammad Amin Hussain Mr. Aurangzeb Ali Naqvi

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The Board of Directors of Management Company has confirmed that none of them is serving as a director on more than ten listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Management company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on February 11, 2012 was filled up by the directors within 17 days.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter during the period. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Mr. Farrukh Shaukat Ansari (Chairman) has passed the Board Development Series Certificate program conducted by the Pakistan Institute of Corporate Governance as of 30 June 2012. Further, arrangements are being made for the training program of remaining Directors of the Management Company. Further Directors' have also being briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the Management Company.
10. The Board of Directors of the Management Company has approved the appointment of Chief Financial Officer and Company Secretary, including their remuneration and terms and conditions of employment. During the period, there was no Head of Internal audit, however subsequent to the period end the management company has appointed a Head of Internal audit for this function.
11. The directors' report for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters regarding the affairs of the Fund as required to be disclosed.
12. The financial statements of the Fund were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the code with respect to the Fund.
15. The Board of the Directors of Management Company has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter and prior to approval of interim and final results of the Fund. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board of the Directors of the Management Company has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are Non Executive Directors including the chairman of the committee. The terms of reference of this committee are in the process of approval.
18. The Board of Management Company has outsourced the internal audit function to M/s. Rafiqat Mansha Masoom Dossani and Company, Chartered Accountants, Karachi, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "Closed Period", prior to the announcement of interim/final results, and business decisions which may materially affect the market price of Fund's securities, was determined and intimated to directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other applicable material principles enshrined in the Code have been complied with.

For and on behalf of the Board

Karachi: October 23, 2012

Imran Motiwala
Chief Executive Officer

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **AKD Investment Management Limited**, the Management Company of **AKD Aggressive Income Fund (formerly AKD Income Fund)** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of Karachi Stock Exchange Limited, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Regulation 35 (x) of the Listing Regulations requires the Management Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2012.

We draw attention to paragraph 10 of the annexed statement which highlights that Management Company has appointed the Head of Internal Audit subsequent to the year end. Our conclusion is not qualified in respect of this matter.

Karachi: October 23, 2012

M. Yousuf Adil Saleem & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **AKD Aggressive Income Fund** (formerly AKD Income Fund) (the Fund), which comprise the statement of assets and liabilities as at June 30, 2012 and the income statement, distribution statement, statement of movements in unit holders' fund, cash flow statement and a summary of significant accounting policies together with other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirement of approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2012 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The financial statements of the Fund for the year ended June 30, 2011 were audited by another firm of Chartered Accountants who vide their audit report dated October 27, 2011 issued an unqualified opinion thereon.

Karachi: October 23, 2012

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Engagement Partner: Mushtaq Ali Hirani

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2012

	Note	2012 ----- (Rupees in '000) -----	2011
ASSETS			
Bank balances	4	23,956	24,478
Investments	5	213,466	342,348
Receivable against Margin Trading System		127,885	13,450
Loans and receivables	6	51,181	30,382
Profit and other receivables	7	24,214	9,718
Deposits and prepayments	8	3,027	3,027
Preliminary expenses and floatation costs	9	-	375
Total assets		443,729	423,778
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	10	12,996	533
Payable to Central Depository Company of Pakistan Limited - Trustee	11	73	63
Payable to Securities and Exchange Commission of Pakistan	12	323	334
Payable on redemption of units		15	7,174
Accrued expenses and other liabilities	13	3,372	1,983
Total liabilities		16,779	10,087
NET ASSETS		426,950	413,691
UNIT HOLDERS' FUND (as per statement attached)		426,950	413,691
CONTINGENCIES AND COMMITMENTS			
	14		
		----- (Number of units) -----	
Number of units in issue		8,254,286	8,187,486
		----- (Rupees)-----	
Net asset value per unit		51.7246	50.5272
Face value per unit		50	50

The annexed notes from 1 to 29 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012	2011
----- (Rupees in '000) -----			
INCOME			
Profit / income on:			
- term finance certificates and sukuk bonds		24,286	32,112
- Margin Trading System		17,066	1,753
- government securities		9,191	9,229
- bank deposits		3,279	5,036
- certificates of musharika and certificates of investment		85	6,547
- term deposit receipts and letter of placement		-	3,971
Capital gain on sale of investments		157	151
		54,064	58,799
Unrealized (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.5	(1,238)	2,580
Total income		52,826	61,379
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company		6,451	6,687
Sales tax on management fee	16	1,032	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		731	829
Annual fee - Securities and Exchange Commission of Pakistan		323	334
Impairment loss on investments	5.4	326	10,092
Auditors' remuneration	15	321	315
Settlement and bank charges		169	68
Amortization of preliminary expenses and floatation costs	9	375	500
Security transaction cost		25	24
Fees and subscription		1,623	446
Legal and professional		184	175
Printing and related cost		257	227
Workers' Welfare Fund	17	775	723
Total expenses		12,592	20,420
Net income from operating activities		40,234	40,959
Element of loss and capital losses included in prices of units issued less those in units redeemed		(2,248)	(5,521)
Net income for the year before taxation		37,986	35,438
Taxation	18	-	-
Net income for the year after taxation		37,986	35,438
Other comprehensive income for the year			
Unrealized appreciation on re-measurement of investments classified as 'available-for-sale' - net	5.3	2,438	8,301
Realized gain on sale of investments classified as available-for-sale		27	-
		2,465	8,301
Total comprehensive income for the year		40,451	43,739
Earnings per unit - basic and diluted	3.10		

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AKD Investment Management Limited
(Management Company)**

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	----- (Rupees in '000) -----	
Undistributed profit / (accumulated losses) brought forward		
Realized income	28,226	22,254
Unrealized loss	(20,636)	(23,714)
	7,590	(1,460)
Final distribution for the year ended June 30, 2011 @ Rs 3.7 per unit; (2010: Rs 3.4 per unit)		
- Cash distribution	(7,659)	(8,465)
- Issue of bonus units	(22,635)	(25,069)
	(30,294)	(33,534)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing (losses) / income that form part of the unit holders' fund	(27)	7,146
Net income for the year after taxation	37,986	35,438
Undistributed profits carried forward	15,255	7,590
Undistributed profits comprising of:		
Realized income	15,882	28,226
Unrealized loss	(627)	(20,636)
	15,255	7,590

The annexed notes from 1 to 29 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012	2011
		----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the year before taxation		37,986	35,438
Adjustments for non-cash and other items			
Unrealized diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		1,238	(2,580)
Capital gain on sale of investments		(157)	(151)
Impairment loss on investment		326	10,092
Element of loss and capital losses included in prices of units issued less those in units redeemed		2,248	5,521
Amortization of preliminary expenses and floatation costs		375	500
Remuneration of AKD Investment Management Limited - Management Company		6,451	6,687
Remuneration of Central Depository Company of Pakistan Limited - Trustee		731	829
		49,198	56,336
(Increase) / decrease in assets			
Investments - net		79,374	56,177
Receivable against Margin Trading System		(114,435)	(13,450)
Loans and receivables		(20,799)	110,068
Profit and other receivables		(14,496)	180
Deposits and prepayments		-	(302)
		(70,356)	152,673
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		12,452	(847)
Payable to Central Depository Company Limited - Trustee		10	5
Payable to Securities and Exchange Commission of Pakistan		(11)	(74)
Payable on redemption of units		(7,159)	6,571
Accrued expenses and other liabilities		1,389	781
		6,681	6,436
Remuneration paid to AKD Investment Management Limited - Management Company		(6,440)	(6,781)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		(729)	(851)
Net cash (used in) / generated from operating activities		(21,646)	207,813
CASH FLOW FROM FINANCING ACTIVITIES			
Net payments against redemptions of units		(21,781)	(107,210)
Dividend paid		(7,659)	(8,465)
Net cash used in financing activities		(29,440)	(115,675)
Net (decrease) / increase in cash and cash equivalents during the year		(51,086)	92,138
Cash and cash equivalents at beginning of the year		123,755	31,617
Cash and cash equivalents at end of the year	4.2	72,669	123,755

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AKD Investment Management Limited
(Management Company)**

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	2012	2011
	----- (Rupees in '000) -----	
Net assets at beginning of the year	413,691	480,106
Issue of 1,890,664 units (2011: 4,606,638 units)	93,447	214,451
Redemption of 2,307,230 units (2011: 6,835,611 units)	(115,228)	(321,661)
	(21,781)	(107,210)
Issue of 483,366 bonus units (2011: 553,653 units)	22,635	25,069
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing losses and capital losses - transferred to Income Statement	2,248	5,521
- amount representing losses / (income) that form part of the Unit holder's fund - transferred to Distribution Statement	27	(7,146)
	2,275	(1,625)
Net unrealized appreciation on re-measurement of investments classified as ' available-for-sale'	2,438	8,301
Capital gain realized against sale of investments classified as ' available for sale '	27	-
	2,465	8,301
Other net income for the year	39,067	32,707
Capital gain on sale of investments	157	151
Unrealized (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - net	(1,238)	2,580
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing (losses) / income that form part of unit holders' fund	(27)	7,146
Final distribution for the year ended June 30, 2011 @ Rs. 3.7 per unit (2010: Rs 3.4 per unit)		
- Cash distribution	(7,659)	(8,465)
- Issue of bonus units	(22,635)	(25,069)
	7,665	9,050
Net assets at end of the year	426,950	413,691

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AKD Investment Management Limited
(Management Company)**

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Aggressive Income Fund (formerly AKD Income Fund) (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorized constitution of the Trust Deed on September 11, 2006 and it was executed on October 2, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced operations from March 23, 2007.

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 216-217, Continental Trade Centre, Block 8, Clifton, Karachi, in the province of Sindh.

The Fund is an open ended mutual fund and is listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund.

The principal activity of the Fund is to make investments in government securities, cash in bank account, money market placements, deposits, certificate of deposits (COD), certificate of musharika (COM), TDRs, commercial paper, reverse repo, TFC/Sukuk, spread transactions and transactions under Margin Trading System. Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

During the year, SECP required the Management Company to categorize Fund as per the available categories in Circular No. 07 of 2009. Pursuant to this, Management Company, with the approval of Board of Directors, has re-categorized the Fund from 'Fixed Income Scheme' to 'Aggressive Fixed Income Scheme'. After obtaining approval from SECP for the said re-categorization, the Management Company vide third supplemental to the Trust deed dated August 15, 2011 changed the name of the Fund from 'AKD Income Fund' to 'AKD Aggressive Income Fund'.

JCR-VIS Credit Rating Company Limited has assigned a management quality rating of 'AM3-' to the Management Company and fund stability rating of "BBB(f)" to the Fund dated March 29, 2012 and March 27, 2012 respectively.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.2 New, revised and amended standards and interpretations that are effective in the current year

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011. These standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements:

Standards / amendments / interpretations	Effective date (accounting periods beginning on or after)
Amendment to IAS 1 - Presentation of Financial Statements	January 01, 2011
IAS 24 (as revised in 2009) - Related Party Disclosures	January 01, 2011
Amendment to IAS 34 - Interim Financial Reporting	January 01, 2011
Amendment to IFRS 7 – Disclosures – Transfer of Financial Assets	July 01, 2011
Amendment to IFRIC 13 - Customer Loyalty Programmes	January 01, 2011
Amendment to IFRIC 14 - Prepayments of a Minimum Funding Requirement	January 01, 2011

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

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned against the respective standard or interpretation: -

Standards / amendments / interpretations	Effective for (annual periods beginning on or after)
Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	July 01, 2012
Amendments to IAS 12 - Income Taxes – Deferred Tax: Recovery of Underlying Assets	January 01, 2012

The Fund expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application except for increase in disclosure requirement.

Further, the following new standard have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards or interpretations

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2 and note 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain financial assets have been carried at fair value.

2.6 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost. Cash and cash equivalents comprise of bank balances and short term investments having original maturities of less than three months.

3.2 Financial assets**3.2.1 Classification**

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets are acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the Income Statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available-for-sale are valued as follows:

a) Basis of valuation of term finance certificates and sukuk bonds

Investment in term finance certificates and sukuk bonds are valued in accordance with the methodology for valuation of debt securities prescribed in the SECP's Circular No. 1 of 2009 dated January 06, 2009. Under the said directive, investment in term finance certificates are valued on the basis of traded, thinly traded and non traded securities. Accordingly, investment in term finance certificates have been valued at the rates determined and announced by MUFAP based on the methodology prescribed in the said Circular.

b) Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Market Association.

3.2.5 Impairment

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Income Statement.

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 1 and Circular No 13 of 2009 issued by the Securities and Exchange Commission of Pakistan.

The management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid Circulars in accordance with the provisioning policy approved by the Board of Directors.

For financial assets classified as 'loans and receivables' a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

3.2.6 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognized amount and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

3.3 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

3.4 Derivatives

Derivative instruments are initially recognized at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognized in the Income Statement.

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are amortized over a period of five years starting from the commencement of operations of the Fund.

3.6 Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Securities under Margin Trading System (MTS)

Securities purchased under margin financing are included as 'receivable against Margin Trading System (MTS)' at the fair value of consideration given. All MTS transactions are accounted for on the settlement date. Income on MTS is calculated on outstanding balance at agreed rates and recorded in the Income Statement. Transaction costs are expensed in the Income Statement.

3.8 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 year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The fund intends to distribute its income accordingly and therefore, no tax liability has been recorded for the current year.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause II of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that it is probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealized, to its unit holders every year.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

During the year, the Fund has revised the basis for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed ("element"). As per the revised basis, element to the extent that it is represented by income earned during the year is recognized in the Income Statement and to the extent that it is represented by unrealized appreciation / (diminution) arising during the year on available-for-sale securities is included in Distribution Statement. Previously, the proportion of opening undistributed income received / paid on issue / redemption of units was also being recognized based on cumulative values of undistributed income and unrealized gain / loss on available-for-sale securities present in the net assets value of units.

The revised basis, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its basis for determination of element:

- income for the year would have been higher by Rs. 0.16 million.
- amount transferred to Distribution Statement for the year would have been lower by Rs. 0.37 million.
- amount transferred from unit holders fund for the year would have been higher by Rs. 0.21 million.

3.10 Earnings per unit - basic and diluted

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

3.11 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and provision for duties and charges, if applicable. The sales load is payable to the Management Company, investment facilitators or distributors.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.12 Net asset value per unit

The net asset value (NAV) per unit as disclosed in 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.

3.13 Proposed distributions and transfer between reserves

Distributions declared and transfers between reserves made subsequent to the date of Statement of Assets and Liabilities are considered as non-adjusting events and are recognized in the financial statements in the year in which such distributions are declared / transfers are made.

3.14 Revenue recognition

- Profit on investments is recognized on an accrual basis. (In case of financial assets classified as non-performing, income is recognized on receipt basis).
- Profit on bank deposits is recognized on an accrual basis.
- Realized capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Income on MTS transactions is recognized on an accrual basis.
- Unrealized capital gains / (losses) arising on marking to market of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the year in which they arise.

	Note	2012 (Rupees in '000)	2011
4. BANK BALANCES			
In savings accounts	4.1	23,942	24,464
In current accounts		14	14
		23,956	24,478
4.1	These carry mark up at the rates ranging from 5% to 11.5% (2011 : 5% to 11.5%)		
4.2 CASH AND CASH EQUIVALENTS			
Bank balances	4	23,956	24,478
Market treasury bills having maturity of three months	5.1.2	48,713	99,277
		72,669	123,755
5. INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
- Listed equity securities - preference shares	6.2	-	11,352
- Debt securities	5.1	174,894	262,452
Available-for-sale			
- Debt securities	5.2	38,572	68,544
		213,466	342,348

5.1 Debts Securities

Note **2012** **2011**
(Rupees in '000)

Term finance certificates 114,825
Government securities 147,627

107,038 114,825
67,856 147,627
174,894 **262,452**

5.1.1 Term Finance Certificates

Name of the Investee Company	----- Number of certificates -----			Profit / mark-up rate	Carrying value	Market value	Appreciation / (diminution)	Market Value as a Percentage of net assets	Market Value as a percentage of total investments
	As at July 1, 2011	Purchases during the year	Sales / redeemed during the year						
----- Rupees in '000 -----									
Certificates of Rs 5,000 each unless otherwise stated									
Term finance certificates - listed									
Dewan Cement Limited (5.1.1.1)	20,000	-	-	20,000	-	-	-	-	-
Engro Fertilizer Limited (30-11-2007)	25	-	-	25	124	3	-	0.03	0.06
Worldcall Telecom Limited (07-10-2008)	12,800	7,200	-	20,000	32,123	(2,948)	(2,948)	7.52	15.05
Pace Pakistan Limited (15-02-2008)	115	-	-	115	284	(102)	(102)	0.07	0.13
Summit Bank Limited (27-10-2011)	-	5,000	-	5,000	24,557	(438)	(438)	5.75	11.50
					60,573	57,088	(3,485)		
Term finance certificates - unlisted									
Al-Abbas Sugar Mills Limited (21-11-2007)	11,000	-	-	11,000	15,992	483	483	3.86	7.72
JDW Sugar Mills Limited (23-06-2008)	10,246	-	-	10,246	22,599	1,203	1,203	5.29	10.59
Orix Leasing Pakistan Limited (15.01.08) - (face value Rs. 100,000 each)	190	-	-	190	6,346	(86)	(86)	1.49	2.97
Kohat Cement Company Limited (20-06-2007)	-	4,000	-	4,000	4,530	660	660	1.06	2.12
					47,690	2,260	2,260		
Total - June 30, 2012					108,263	107,038	(1,225)		
Total - June 30, 2011					112,173	114,825	2,652		

5.1.1.1 The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2008). Dewan Cement Limited (DCL) failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit for the said period. As a matter of prudence, the Fund has provided for the amount of the investment by 100 percent in accordance with the provisioning policy approved by the Board of Directors of the Management Company (refer note 5.4.1).

5.1.2

Government securities

Issue date	Tenor	Face Value			Balance as at June 30, 2012			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2011	Purchase during the year	Sales / matured during the year	As at June 30, 2012	Cost	Market value		
----- (Rupees in '000) -----									
Pakistan Investment Bonds									
August 18, 2011	3 Years	-	25,000	25,000	-	-	-	-	-
August 18, 2011	5 Years	-	25,000	25,000	-	-	-	-	-
August 18, 2011	10 Years	-	25,000	25,000	-	-	-	-	-
Market Treasury Bills									
January 27, 2011	6 month	50,000	-	50,000	-	-	-	-	-
April 21, 2011	12 month	900	-	900	-	-	-	-	-
April 21, 2011	3 month	50,000	-	50,000	-	-	-	-	-
May 19, 2011	6 month	50,000	-	50,000	-	-	-	-	-
May 19, 2011	12 month	-	50,000	50,000	-	-	-	-	-
June 16, 2011	12 month	-	50,000	50,000	-	-	-	-	-
July 28, 2011	3 month	-	50,000	50,000	-	-	-	-	-
October 6, 2011	3 month	-	50,000	50,000	-	-	-	-	-
December 1, 2011	3 month	-	50,000	50,000	-	-	-	-	-
May 17, 2012	6 month	-	20,000	-	20,000	19,154	19,143	(11)	8.97
June 28, 2012	3 month	-	50,000	-	50,000	48,715	48,713	(2)	22.82
July 14, 2011	3 month	-	50,000	50,000	-	-	-	-	-
Total - June 30, 2012						67,869	67,856	(13)	
Total - June 30, 2011						147,699	147,627	(72)	

5.2 Available-for-sale - Debt Securities

Name of the Investee Company	---Number of certificates / Bonds ---				Profit / mark-up rate	Carrying Value	Market value as at June 30, 2012	Diminution	Market Value as a percentage of net assets	Market Value as a percentage of total investments
	As at July 1, 2011	Purchases during the year	Sales / redeemed / transfers during the year	As at June 30, 2012						
-----Rupees in '000-----										
Certificates / Bonds of Rs 5,000 each unless otherwise stated										
Term Finance Certificates - Unlisted										
TPL Trakker Limited (face value Rs 100,000 each) (15-09-2007)	200	-	200	-	6 months KIBOR + 3.5%	-	-	-	-	-
First Dawood Investment Bank Limited (11-09-2007) - note 6.1	6,300	-	6,300	-	6 months KIBOR + 1.6%	-	-	-	-	-
Avani Hotels Limited (1-11-2007)	7,093	-	-	7,093	1 year KIBOR+2.5%	30,115	29,309	(806)	6.86	13.73
Al-Abbas Sugar Mills Limited (21-11-2007)	600	-	-	600	6 months KIBOR + 1.75%	899	898	(1)	0.21	0.42
						<u>31,014</u>	<u>30,207</u>	<u>(807)</u>		
Sukuk Bonds - Unlisted										
New Allied Electronics Industries (Private) Limited face value of Rs. 312.5 each (25-7-2007)	96,000	-	-	96,000	3 months KIBOR + 2.60%	30,000	-	(30,000)	-	-
Kohat Cement Company Limited (20-06-2007)	2,763	-	-	2,763	3 months KIBOR + 1.50%	4,172	3,129	(1,043)	0.73	1.47
Maple Leaf Cement Factory Limited (3-12-2007)	2,000	-	-	2,000	3 months KIBOR + 1.0%	9,979	5,236	(4,743)	1.23	2.45
Maple Leaf Cement Factory Limited additional (31-3-2010)	75	-	-	75	3 months KIBOR + 1.0%	375	-	(375)	-	-
						<u>44,526</u>	<u>8,365</u>	<u>(36,161)</u>		
						<u>75,540</u>	<u>38,572</u>	<u>(36,968)</u>		
Less: Impairment loss recognized in the Income Statement in the current and prior years (note 5.4)										
						<u>36,161</u>	<u>-</u>	<u>36,161</u>		
Total-June 30, 2012						<u><u>39,379</u></u>	<u><u>38,572</u></u>	<u><u>(807)</u></u>		
Total-June 30, 2011						<u><u>71,816</u></u>	<u><u>68,544</u></u>	<u><u>(3,272)</u></u>		

5.3 Net unrealized appreciation on remeasurement of investments classified as 'available-for-sale' - net

	Note	2012 (Rupees in '000)	2011
Market value of investments	5.2	38,572	68,544
Less:			
Cost of investments	5.2	75,540	119,322
Impairment loss recognized	5.2	(36,161)	(47,506)
Cost of investments - net		39,379	71,816
		(807)	(3,272)
Less: Net unrealized diminution in fair value of investments classified as available-for-sale at beginning of the year		(3,272)	(11,573)
Realized on disposal of investments		27	-
		(3,245)	(11,573)
		<u>2,438</u>	<u>8,301</u>

5.4 Movement in impairment loss

Opening		147,506	137,414
Add: charge for the year		2,620	11,671
Less: reversal during the year		(2,294)	(1,579)
		326	10,092
Less: write-off during the year	6.1	(11,671)	-
Closing	5.4.1	<u>136,161</u>	<u>147,506</u>

	Note	2012 (Rupees in '000)	2011
5.4.1 The break up of impairment loss is as follows:			
Financial assets at fair value through profit or loss - held for trading	5.1.1.1	100,000	100,000
Available-for-sale	5.2	36,161	47,506
		136,161	147,506
5.5 Unrealized (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net			
Market value of securities	5.1.1 & 5.1.2	174,894	273,804
Less: carrying value of securities	5.1.1 & 5.1.2	(176,132)	(271,224)
		(1,238)	2,580
6. LOANS AND RECEIVABLES			
Certificates of investments			
- Saudi Pak Leasing Company Limited		20,000	26,000
- Invest Capital Investment Bank Limited		-	4,382
		20,000	30,382
Term Finance certificates			
- First Dawood Investment Bank Limited	6.1	19,829	-
Preference Shares			
- Security Leasing Corporation Limited	6.2	11,352	
		51,181	30,382

6.1 The Fund had an investment in TFCs of First Dawood Investment Bank Limited amounting to Rs. 31.5 million. These TFCs were dissolved in 2011. However, the Fund is negotiating with the issuer and in case the Fund is unable to recover the carrying amount till March 31, 2013, the Management Company will make good the loss upto an amount Rs 19.829 million. Accordingly the balance amount of Rs. 11.7 million was written off (refer note 5.4). Further, in order to secure the interest of unit holders, Management Company, vide its resolution of the Board of Directors, has transferred the securities of Kohat Cement Limited (Sukuk certificates: 4,237) and Golden Arrow Selected Stocks Fund Limited (Ordinary shares: 2,430,167) having aggregate market value of Rs 16.5 million as of June 30, 2012 in to the CDC account of the Fund as collateral. During the year, the Fund also received redemption proceeds of Rs. 12.4 million against the said sukuks of Kohat Cement Company Limited (refer note 10).

6.2 Security Leasing Corporation Limited had deferred the payment of 3rd redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2009 and 4th redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2010 in view of the adverse financial position of the company. As per the terms of the preference shares, the redemption amount will be the lower of par value and breakup value as per the latest audited financial statements available at the time of redemption. The break up values per share of Security Leasing Corporation Limited as per the financial statements for the year ended June 30, 2009 and June 30, 2010 were Rs. 5.44 and Rs. 1.27 respectively, which are lower than the face value. Further, the break up value of the shares as per the financial statements of the company for the nine months ended March 31, 2010 was Rs 1.15. Therefore, the redemption of 1,722,625 shares due on November 30, 2009 has been valued at Rs 5.44 per share and the remaining shares have been valued at Rs 1.15 per share on prudence basis. These preference shares have been delisted from the Karachi Stock Exchange (Guarantee) Limited on August 19, 2011 and accordingly the Management Company reclassified the said investment into loans and receivables.

6.2.1 Non-compliance with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

Details of non-compliant investment are as follows:

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held if any	Value of investment after provision	As a % of Net Assets	As a % of Gross Assets	Remarks
-----Rupees in '000'-----							
Security Leasing Corporation Limited	Preference shares	11,352	-	11,352	2.66	2.56	Preference shares do not fall within the purview of securities as prescribed in para 10 of SECP Circular No 07 of 2009.

	Note	2012 (Rupees in '000)	2011
7. PROFIT AND OTHER RECEIVABLES			
Profit / income receivable on:			
- term finance certificates and sukuk bonds		13,527	9,521
- Margin Trading System		863	77
- bank deposits		687	63
- certificates of investment		-	57
Receivable against the redemption of TFC		9,137	-
		24,214	9,718
8. DEPOSITS AND PREPAYMENTS			
Security deposits with:			
- National Clearing Company of Pakistan Limited (NCCPL)		2,750	2,750
- Central Depository Company of Pakistan Limited		100	100
Prepayment - NCCPL Annual fee (MTS)		177	177
		3,027	3,027
9. PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance	9.1	375	875
Less: amortization during the year		(375)	(500)
Closing Balance		-	375
9.1			
Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortized over a period of five years commencing from March 23, 2007.			

	Note	2012 (Rupees in '000)	2011
10. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED – MANAGEMENT COMPANY			
Management fee		516	505
Sales tax payable		83	-
Preliminary expenses and floatation costs		25	25
Proceeds on redemption of Sukuks of Kohat Cement Limited held as collateral Sales load	6.1	12,372 -	- 3
		<u>12,996</u>	<u>533</u>

- 10.1** Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. In the current year, the Management Company has charged remuneration at the rate of 1.50 percent per annum, of the average annual net assets of the Fund.

	Note	2012 (Rupees in '000)	2011
11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	11.1	59	57
CDS charges		14	6
		<u>73</u>	<u>63</u>

- 11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily Net Assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund from July 1, 2011 to June 30, 2012 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	Rs 0.6 million or 0.17% p.a. of NAV, whichever is higher
Rs 1,000 million upto Rs. 5,000 million	Rs 1.7 million plus 0.085% p.a. of NAV exceeding Rs 1,000 million
Rs. 5,000 million above	Rs 5.1 million plus 0.07% p.a. of NAV exceeding Rs 5,000 million

The remuneration is paid to the trustee monthly in arrears.

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Fund is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

13. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2012	2011
		(Rupees in '000)	
Provision for worker's welfare fund	17	2,232	1,457
Auditors' remuneration		235	235
National Clearing Company Pakistan Limited charges		76	20
Withholding tax		-	58
Others		829	213
		3,372	1,983

14. CONTINGENCIES AND COMMITMENTS
14.1 Contingencies

There were no contingencies as at June 30, 2012 and June 30, 2011

14.2 Commitments

	2012	2011
	(Rupees in '000)	
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions have not been settled as at June 30, 2012	8,833	757

15. AUDITORS' REMUNERATION

Annual statutory audit fee	200	200
Half yearly review fee	60	60
Fee for review of statement of compliance with the Code of Corporate Governance	25	25
Out of pocket expenses	36	30
	321	315

16. SALES TAX ON MANAGEMENT FEE

During the year, the provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company vide Sindh Sales Tax on Services Act, 2011 effective from July 1, 2011.

17. 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, challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. 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.

During the year, the Honorable 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 Honorable High Court of Sindh. However, the Management Company is awaiting decision of the Honorable High Court of Sindh on this matter and as a matter of abundant caution continues to provide for WWF in these financial statements. The Scheme has maintained provisions against Workers Welfare Fund liability to the tune of Rs 2.23 million, if the same were not made, the NAV per unit / return would have been higher by Re 0.27 per unit (0.52%).

18. 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 year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current year as the Management Company has distributed the required minimum percentage of the Fund's accounting income for the year as reduced by capital gains (whether realized or unrealized) to its unit holders.

19. FINANCIAL INSTRUMENTS BY CATEGORY

	-----As at June 30, 2012-----			
	Loans and receivables	Financial assets at fair value through profit or loss	Assets classified as available-for- sale	Total
	-----Rupees in '000-----			
Assets				
Bank balances	23,956	-	-	23,956
Investments	-	174,894	38,572	213,466
Receivable against Margin Trading System	127,885	-	-	127,885
Loans and receivables	51,181	-	-	51,181
Profit and other receivables	24,214	-	-	24,214
Deposits	2,850	-	-	2,850
	<u>230,086</u>	<u>174,894</u>	<u>38,572</u>	<u>443,552</u>

	-----As at June 30, 2012-----		
	Other financial liabilities	Liabilities at fair value through profit or loss	Total
	-----Rupees in '000-----		
Liabilities			
Payable to AKD Investment Management Limited - Management Company	12,996	-	12,996
Payable to Central Depository Company of Pakistan Limited - Trustee	73	-	73
Payable on redemption of units	15	-	15
Accrued expenses and other liabilities	1,140	-	1,140
	<u>14,224</u>	<u>-</u>	<u>14,224</u>

	-----As at June 30, 2011-----			
	Loans and receivables	Financial assets at fair value through profit or loss	Assets classified as available-for- sale	Total
	-----Rupees in '000-----			
Assets				
Bank balances	24,478	-	-	24,478
Investments	-	273,804	68,544	342,348
Receivable against Margin Trading System	13,450	-	-	13,450
Loans and receivables	30,382	-	-	30,382
Profit and other receivables	9,718	-	-	9,718
Deposits	2,850	-	-	2,850
	<u>80,878</u>	<u>273,804</u>	<u>68,544</u>	<u>423,226</u>

	-----As at June 30, 2011-----		
	Other financial liabilities	Liabilities at fair value through profit or loss	Total
	-----Rupees in '000-----		
Liabilities			
Payable to AKD Investment Management Limited - Management Company	533	-	533
Payable to Central Depository Company of Pakistan Limited - Trustee	63	-	63
Payable on redemption of units	7,174	-	7,174
Accrued expenses and other liabilities	468	-	468
	<u>8,238</u>	<u>-</u>	<u>8,238</u>

20. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include AKD Investment Management Limited, being the Management Company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited, Central Depository Company of Pakistan Limited being the Trustee, other collective schemes managed by the Management Company, AKD Investment Management Limited - Staff Provident Fund, directors and officers of the Management Company and entities having common directorship with the Management Company. The transactions with connected persons are in the normal course of business.

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

Details of transactions and balances with connected persons are as follows:

	2012	2011
	(Rupees in '000)	
20.1 Transactions during the year		
AKD Investment Management Limited - Management Company		
Purchase of units (2012: 73,844 ; 2011: nil)	3,651	-
Redemption of units (2012: 73,844 ; 2011: nil)	3,700	-
Management fee	6,451	6,687
Sales load	-	70
Sales Tax on management fee	1,032	-
Reimbursement of preliminary expenses and floatation costs	-	850
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	731	829
AKD Investment Management Limited - Staff Provident Fund		
Purchase of units (2012: 64,564 ; 2011: 43,573)	3,195	2,000
Redemption of units (2012: 41,366 ; 2011: 43,573)	2,106	2,146
Aqeel Karim Dhedhi Securities (Private) Limited		
Issue of bonus units (2012: nil ; 2011: 37,987)	-	1,720
Redemption of units (2012: nil ; 2011: 543,874)	-	24,880
AKD Opportunity Fund		
Purchase of Term Finance Certificates (2012: 2,000 ; 2011: nil)	3,212	-
Golden Arrow Selected Stocks Fund Limited		
Purchase of Term Finance Certificates / Sukuk (2012: 9,200 ; 2011: 8,800)	14,862	26,125
Sale of Term Finance Certificates (2012: nil ; 2011: 5,200)	-	16,973
Saudi Pak Leasing Company Limited		
Principal received	6,000	45,500
Markup received	142	4,566
20.2 Amounts outstanding as at year end		
AKD Investment Management Limited - Management Company		
Management fee payable	516	505
Sales tax on management fee	83	-
Preliminary expenses and floatation costs	25	25
Sales load	-	3
Proceeds on redemption of Sukuks of Kohat Cement Company Limited	12,372	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	59	57
CDS charges payable	14	6
Security deposit	100	100
AKD Investment Management Limited Staff Provident Fund		
Units held (2012: 23,198 ; 2011: nil)	1,200	-

	2012 (Rupees in '000)	2011
AKD Opportunity Fund		
Payable against conversion of units	-	4,116
Saudi Pak Leasing Company Limited		
Certificate of Investment	20,000	26,000
Markup receivable	-	57
	20,000	26,057

21. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

21.1 Details of members of the investment committee of the Fund are as follows:

	Designation	Qualification	Experience in years
1	Mr. Imran Motiwala Chief Executive Officer - (GASSFL & AKDIML), Fund Manager - (GASSFL & AKDOF)	BBA	18
2	Mr. Muhammad Yaqoob Chief Investment Officer (CIO), Company Secretary and Fund Manager - AKDAIF, AKDCF & AKDITF	MBA	8
3	Mr. Nadeem Saulat Siddiqui GM Marketing and Sales and Director - AKDIML	MBA	19

21.2 Mr. Muhammad Yaqoob is the Manager of the Fund. He has obtained a Masters degree in Finance. AKD Index Tracker Fund and AKD Cash Fund are also being managed by him.

22. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2012
1 Invest & Finance Securities Limited	54%
2 BMA Capital Management Limited	19%
3 Invest Capital Markets Limited	17%
4 Invest One Markets Limited	9%
5 KASB Securities Limited	1%
	2011
1 Invest & Finance Securities Limited	37%
2 AKD Securities Limited	28%
3 IGI Finex Securities Limited	25%
4 Invisor Securities (Private) Limited	6%
5 KASB Securities Limited	4%

23. PATTERN OF UNIT HOLDINGS

	As at June 30, 2012		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment
Individuals	39	25,801	6.04
Bank and DFIs	2	81,288	19.04
Retirement Funds	8	319,730	74.89
Others	2	131	0.03
	<u>51</u>	<u>426,950</u>	<u>100.00</u>

	As at June 30, 2011		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment
Individuals	42	11,893	2.87
Insurance companies	1	9,999	2.42
Bank and DFIs	2	104,071	25.16
NBFCs	1	153	0.04
Retirement Funds	7	286,882	69.35
Others	3	693	0.17
	<u>56</u>	<u>413,691</u>	<u>100.00</u>

24. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

During the year 41st, 42nd, 43rd, 44th and 45th Board meetings were held on July 8, 2011, October 24, 2011, October 29, 2011, February 29, 2012 and April 30, 2012 respectively. Information in respect of attendance by Directors in these meetings is given below:

Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
Mr. Farrukh Shaukat Ansari	5	4	1	41st meeting
Mr. Imran Motiwala	5	5	-	-
Mr. Ali Qadir Gilani	5	5	-	-
Mr. Muhammad Ramzan Sheikh	5	-	5	All
Mr. Muhammad Amin Hussain	5	3	2	44th and 45th meeting
Mr. Nadeem Saulat Siddique	5	5	-	-
Mr. Aurangzeb Ali Naqvi*	1	1	-	-
Mr. Taufique Habib	4	3	1	44th meeting

* Mr. Aurangzeb Ali Naqvi was appointed as director of the Management Company on February 29, 2012 in place of Mr. Taufique Habib.

25. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of investments such as government securities, cash in bank account, money market placements, deposit, certificate of deposits (COD), certificate of Musharika (COM), TDRs, commercial paper, reverse repo, TFC/Sukuks, MTS and spread transactions. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Management Company is responsible for the management of these risks as enumerated below.

25.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

25.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

25.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

- Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing Term Finance Certificates (TFCs) and Sukuk Bonds / Certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs 1.215 million (2011: Rs. 0.195 million) in case of TFCs and Sukuk Bonds / Certificates classified as financial assets at fair value through profit or loss. In case of TFCs and Sukuk Bonds / Certificates classified as available-for-sale 100 basis points increase / decrease in KIBOR with all other variables held constant, the net assets of the Fund would have been higher / lower by Rs 0.321 million (2011: 0.070 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association is expected to change over time. Further, in case of variable rate instruments, the sensitivity analysis has been done from the last repricing date. Accordingly, the sensitivity analysis prepared as of June 30, 2012 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

- Sensitivity analysis for fixed rate instruments

As at June 30, 2012, Market treasury bills and preference shares are held by the Fund, classified as at fair value through profit or loss exposing the Fund to fair value interest rate risk. The sensitivity analysis has not been performed in respect of preference shares as the company has currently defaulted in the payment of redemption amount due on November 30, 2009. In case of Treasury bills, an increase/(decrease) of 100 basis points increase/(decrease) in rates announced by Financial Market Association on June 30, 2012, with all other variables held constant, the net income for the year and net assets would be lower/higher by Rs 0.19 million (2011: Rs 0.231 million).

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2012 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's MROR Sensitivity related to financial assets and financial liabilities as at June 30, 2012 can be determined from the following:

As at June 30, 2012						
Effective rate of mark-up / return	----- Exposed to Yield / Interest risk -----			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
%	----- (Rupees in '000) -----					
On-balance sheet financial instruments						
Financial Assets						
Bank balances	5.00- 11.50	23,942	-	-	14	23,956
Investments	11.64-17.24	48,683	25,222	139,561	-	213,466
Receivable against Margin Trading System	13.49-21.78	127,885	-	-	-	127,885
Loans and receivables		-	-	-	51,181	51,181
Profit and other receivables		-	-	-	24,214	24,214
Deposits		-	-	-	2,850	2,850
		200,510	25,222	139,561	78,259	443,552
Financial Liabilities						
Payable to AKD Investment Management Limited - Management Company		-	-	-	12,996	12,996
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	73	73
Payable on redemption of units		-	-	-	15	15
Accrued expenses and other liabilities		-	-	-	1,140	1,140
		-	-	-	14,224	14,224
On-balance sheet gap		200,510	25,222	139,561	64,035	429,328
Off-balance sheet financial instruments						
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions have not been settled		8,833	-	-	-	8,833
Off-balance sheet gap		8,833	-	-	-	8,833
		209,343	25,222	139,561	64,035	438,161

As at June 30, 2011

Effective rate of mark-up / return	----- Exposed to Yield / Interest risk -----			Not exposed to yield / interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		

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

On-balance sheet financial instruments

Financial Assets

Bank balances	5.00-11.50	24,464	-	-	14	24,478
Investments	13.29-17.24	107,128	88,658	135,210	11,352	342,348
Receivables against Margin Trading System	15.98-18.00	13,450	-	-	-	13,450
Loans and receivables	10.00	26,000	-	-	4,382	30,382
Profit and other receivables					9,718	9,718
Deposits		-	-	-	2,850	2,850
		171,042	88,658	135,210	28,316	423,226

Financial Liabilities

Payable to AKD Investment Management Limited - Management Company		-	-	-	533	533
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	63	63
Payable on redemption of units		-	-	-	7,174	7,174
Accrued expenses and other liabilities		-	-	-	468	468
		-	-	-	8,238	8,238

On-balance sheet gap

	171,042	88,658	135,210	20,078	414,988
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Off-balance sheet financial instruments

Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions have not been settled

	757	-	-	-	757
--	-----	---	---	---	-----

Off-balance sheet gap

	757	-	-	-	757
--	-----	---	---	---	-----

	171,799	88,658	135,210	20,078	415,745
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25.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to equity securities price risk as the Fund does not hold any equity securities as at June 30, 2012.

25.2 Credit risk

25.2.1 Credit risk management

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in term finance certificates, sukuk bonds / certificates, loans and receivables, profit and other receivables and balances with banks. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings, moreover, the Fund has placed its investment in treasury bills of the government of Pakistan as well.

The Fund's maximum exposure to credit risk related to receivables at June 30, 2012 and June 30, 2011 is the carrying amounts of following financial assets.

	June 30, 2012	June 30, 2011
	(Rupees in '000)	
Bank balances	23,956	24,478
Investments	145,610	183,369
Receivable against Margin Trading System	127,885	13,450
Loans and receivables	39,829	30,382
Profit and other receivables	24,214	9,718
Deposits	2,850	2,850
	364,344	264,247

The analysis below summarizes the credit quality of the Fund's investments in bank balances as at June 30, 2012 and June 30, 2011:

Bank balances by rating category		June 30, 2012	June 30, 2011
		(Rupees in '000)	
A1+		23,896	24,132
A-1		-	2
A-2		44	344
A-3		16	-
		23,956	24,478

25.2.2 An analysis of the financial assets that are individually impaired as per the requirements of Circular No. 1 dated January 6, 2009 and Circular No. 13 dated May 4, 2009 issued by the Securities and Exchange Commission of Pakistan are as under:

Term Finance Certificates		Cost	
Days		2012	2011
		(Rupees in '000)	
15 to 89		-	-
90 to 179		-	-
180 to 270		-	-
271 to 365		574	-
over 365		171,853	130,000

25.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

25.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realizable.

The Fund has the ability to borrow in the short term to ensure settlement. The Fund did not avail borrowing. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Funds. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

25.3.1 The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at June 30, 2012					
Total	Upto three months	More than three months and upto one year	More than one year		
------(Rupees in '000)-----					
Liabilities					
Payable to AKD Investment Management Limited - Management Company	12,996	12,996	-	-	
Payable to Central Depository Company of Pakistan Limited - Trustee	73	73	-	-	
Payable on redemption of units	15	15	-	-	
Accrued expenses and other liabilities	1,140	1,140	-	-	
	14,224	14,224	-	-	

As at June 30, 2011					
Total	Upto three months	More than three months and upto one year	More than one year		
------(Rupees in '000)-----					
Liabilities					
Payable to AKD Investment Management Limited - Management Company	533	533	-	-	
Payable to Central Depository Company of Pakistan Limited - Trustee	63	63	-	-	
Payable on redemption of units	7,174	7,174	-	-	
Accrued expenses and other liabilities	468	468	-	-	
	8,238	8,238	-	-	

25.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the close of trading on the year end date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

IFRS 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investments of the Fund carried at fair value are categorized as follows:

	As at June 30, 2012			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investment in securities - at fair value through profit or loss	-	174,894	-	174,894
Investment in securities - available-for-sale	-	-	38,572	38,572
	As at June 30, 2011			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investment in securities - at fair value through profit or loss	11,352	262,452	-	273,804
Investment in securities - available-for-sale	-		68,544	68,544

26. CAPITAL RISK MANAGEMENT

The Fund's capital is represented by redeemable units. They are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' funds.

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong capital base to meet unexpected losses or opportunities. In accordance with the NBFC Regulations the Fund is required to distribute at least ninety percent of its income from sources other than unrealized capital gains as reduced by such expenses as are chargeable to the Fund.

In accordance with the risk management policies stated in note 25, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments or short-term borrowings where necessary.

27. NON - ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in its meetings held on July 09, 2012 has approved a final distribution in respect of the year ended June 30, 2012 of Rs. 4.5 per unit (2011: Rs. 3.70 per unit) amounting to Rs. 37.144 million (2011: Rs. 30.294 million). The financial statements for the year ended June 30, 2012 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending June 30, 2013.

28. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 23, 2012 by the Board of Directors of the Management Company.

29. GENERAL

Figures have been rounded off to the nearest thousand rupees.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

PERFORMANCE TABLE

	2012	2011	2010	2009	2008	2007
Total net assets value (Rs '000)*	419,872	406,032	471,641	588,900	3,862,671	2,450,766
Net assets value per unit - (Rs)*	47.2246	46.8272	45.2784	44.6562	50.4220	50.1770
Selling price as at June 30 (Rs)	52.2419	51.0326	49.1653	45.1028	51.9363	52.2885
Repurchase price as at June 30 (Rs)*	47.2246	46.8272	45.2784	44.6562	50.4220	50.1770
Highest selling price (Rs)	52.2419	51.0326	49.1936	52.3009	54.5448	52.3129
Lowest selling price (Rs)	47.4844	45.7544	45.0428	43.4063	50.8675	50.8000
Highest repurchase price (Rs)	51.7245	50.5272	48.7064	51.7830	54.0047	51.7949
Lowest repurchase price (Rs)	47.0142	45.3013	44.5967	42.9764	50.3638	50.2500
Return of the Fund						
- capital growth (Rs '000)	13,259	(66,415)	(108,794)	(3,287,517)	1,425,651	83,826
- income distribution (Rs '000)*	37,144	30,294	33,534	32,928	478,712	75,443
Distribution per unit						
Interim						
- Gross (2009: announced on October 17, 2008, 2008: announced on April 7, 2008) (Rs)	-	-	-	0.75	3.50	-
Final						
- Gross (2012: announced on July 9, 2012) (2011: announced on July 8, 2011, 2010: announced on July 8, 2010) (2008: announced on July 7, 2008, 2007: announced on July 11, 2007) (Rs)	4.50	3.70	3.40	-	1.00	1.59
	----- Percentage -----					
Average Annual Return						
- Last one year	10.46	11.59	9.01	-9.95	9.46	12.90 **
- Last two years	11.22	10.38	-0.99	-0.27	-	-
- Last three years	10.60	2.81	2.49	-	-	-
- Last four years	4.55	4.48	-	-	-	-
- Last five years	5.55	-	-	-	-	-
	----- No. of days -----					
Weighted Average Portfolio Duration	62	76	87	77	79	22

* Final distributions for the year made subsequent to the year end have been adjusted against the closing NAV.

** Annualized Return for the first year operation commencing from 23rd March 2007.

Note: The portfolio composition of the fund has been disclosed in note 5 & 6 to the financial statements.

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.



**AKD Investment
Management Ltd.**

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) Fax : 92-21-35373217, 35303125
E-mail : info@akdinvestment.com Website : www.akdinvestment.com