Funds Managed by:

AKD Investment Management Ltd.

1st Quarter Report
September 30, 2012
(Un-audited)

Quarterly report

AKD AGGRESSIVE INCOME FUND

AKD CASH FUND

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

Partner with AKD Profit from the Experience

AKD Investment Management Ltd.

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CORPORATE INFORMATION

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

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

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 Amin Hussain (Member)
Mr. Muhammad Yaqoob (Secretary)

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 Fund 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*

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 Quarterly Report along with the Funds' accounts for the first quarter ended September 30, 2012.

Macro Perspective

Despite volatile economic and political conditions, our current account marked a surplus of US$432 million for the quarter ended September 30, 2012, as compared to a deficit of US$1,339 million witnessed during the corresponding period last year. The surplus was mainly on the back of strong remittances recorded at US$3.6 billion and a receipt of US$ 1.12 billion on account of the Coalition Support Fund subsequent to the revamping of ties with the US following an apology by the US on the Salala incident. The Trade Deficit also declined by 9.97% in the first quarter both due to rise in exports by 4.26% YoY to stand at US$ 6.19 billion as well as a decline in imports by 2.4% YoY to US$ 10.85 billion. The foreign exchange reserves of the country stood at US$ 14.9 billion at the end of September 2012, a decline of 2.37% on a year to date basis. However, had there been no payment under the Coalition Support Fund, the situation would have been grave due to the ongoing repayments to the International Monetary Fund. CPI inflation during July-September FY 2012-13 averaged 9.1% as compared to 11.5% during July-September FY 2011-12. With the decline in CPI Inflation, the State Bank of Pakistan decided to decrease the discount rate further by 200 basis points to stand at 10.00%.

Equity Market

The market continued to remain bullish on the back of healthy foreign inflows and significant cut in the discount rate. The market seems to have moved through three distinct phases, 1) sharp increase in July, 2) stable in August and 3) range bound during September with low volumes. The Index increased sharply by 1,643 points or 11.91%, making Pakistan the best performing market among its regional peers on a YTD basis. Bullish sentiment was on account of single digit CPI inflation numbers which allowed the State Bank to reduce the discount rate. Net foreign investment for the quarter stood at US$93 million. Average daily volumes for the quarter stood at 140 million shares. While inflation continues to ease there are further expectations of a reduction in the discount rate as the market run-up remains on track. On the other hand, investors will exercise caution as the volatile political scenario coupled with key institutions still at an impasse on a numerous issues will keep the market in check.

Money Market Dynamics

The yields on Treasury Bills have declined by 180-200 basis points since June 2012 following the discount rate cut. Cut off rates on the T-Bills and PIB declined by 150 bps and 141 bps respectively to close at 10.43% and 11.27% in the first quarter FY-13. The significant decline in yields is because of low inflation numbers primarily on account of declining oil and gas prices. During the quarter the State Bank continued to inject liquidity into the banking system through open market operations in order to stabilize the money market. Moving forward we believe that market interest rates will continue to follow the discount rate path, while we expect a further cut of 50 bps in the upcoming monetary policy announcement due in December 2012.

Future Outlook

Declining momentum in the CPI inflation during July-September FY13 averaged 9.1% as compared to 11.5% for the corresponding yearly position, the SBP citing it as an opportunity decreased the discount rate to 10.00% enhancing its effort to promote private sector credit off-take. Further aggressive rate cuts may be witnessed which seem unsustainable in the long run due to weakening of fiscal accounts. With no measures to increase the country's revenue (taxes) and increasing expenditures on account of upcoming elections the economy will remain in the woods for some time.

As general elections are around the corner we expect that the present Government will continue to announce a series of populist measures which will focus on boosting economic activity in the short-term which will bode well for the stock market.

Comparing to regional markets the KSE-100 is trading at a PE of 7.39 x as compared to its regional peers of 12.33x 2013. Furthermore the equity markets offer an attractive 2013 average dividend yield of 6.5% compared to the regional average of only 3.1% giving room for further upside. However impediments to this upside would be declining foreign exchange reserves due to repayments to the IMF and other donor agencies, weakening current and fiscal accounts and political volatility due to elections.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 31, 2012

AKD Aggressive Income Fund
(Formerly AKD Income Fund)
Financial Statements - First Quarter FY13

Contents

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 Shahra-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

For the quarter ended September 30, 2012 the Fund posted an annualized return of 8.38% against a benchmark return of 11.49% underperforming the benchmark by 3.11%. The NAV of the Fund stood at Rs. 48.2220. The fund reported a profit of Rs. 7.9 million as compared to profit of Rs. 11.187 million in the same period last year. Lower yield versus the benchmark is primarily due to unrealized mark to market losses of Term Finance Certificates / Sukuks. This may, however, result in improved yields and potential upside in the event of price reversals going forward, while Non-Performing Assets continue to weigh in on the Fund's yield. The Investment Committee of the AKD Aggressive Income Fund continues 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 from distressed and non performing investments and re-deploy the generated liquidity into government treasury securities and Margin Trading System in line with its strategy to realign the risk profile of the Fund and compensate for the non-yielding assets.

The Portfolio of AKD Aggressive Income Fund comprises of:

Asset Allocation % of NAV	30-Sep-12	30-Jun-12
Cash and cash equivalents	8.84%	17.02%
T-Bills exceeding 90 days maturity	-	4.48%
Placement with NBFC	4.89%	4.68%
Preference Shares	2.78%	2.66%
MTS	36.48%	29.95%
TFCs & Sukuks	38.44%	38.75%
Other Assets including Receivables	0.05%	2.46%
Pakistan Investment Bonds	8.52%	-

Summary of 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	2.78%	2.66%	Preference shares do not fall within the purview of prescribed securities of Aggressive Fixed Income Scheme.

Economy

The first quarter of the new fiscal year started with a positive note as relations between Pakistan and US stabilized which resulted in the release of the long outstanding US$ 1.12 billion under the Coalition Support Fund coupled with US$280 million on account of Kerry Luger Bill. This resulted in the Current account posting a surplus of US$ 356 million. Head line CPI also continued to ease which supported the State Bank of Pakistan's (SBP) efforts of inducing private sector credit off-take and subsequently the SBP reduced the discount rate by a hefty 150 basis points in the first quarter and another 50 basis points in the month of October. The country continues to retire its foreign currency debt, making payments of US$ 399 million during the quarter and US$ 105 million in October 2012 to the International Monetary Fund (IMF).

The Pakistani Rupee remained stable on the back of foreign inflows against the Coalition Support Fund and Kerry Luger Bill, offsetting the urgency to service scheduled debt re-payments to IMF and other donor agencies.

Money Market Review

The Money market continues to remain illiquid with overnight rates averaging 11.7% up to the August Monetary Policy Statement (MPS) and 9.86% post MPS , in order to stabilize the money market the State Bank of Pakistan continued to conduct weekly Open Market Operations (OMO). During the quarter SBP conducted seven T-Bills auctions and two PIB auctions. The SBP mopped up Rs.1,435 billion and Rs.89 billion in the T-Bills and PIB auction respectively.

During the quarter, State Bank of Pakistan reduced discount rate in order to kick start the ailing economic activity by inducing the private sector credit off-take and investment growth.

Outlook and Fund Strategy

Going forward we do not foresee the continuation of further aggressive monetary easing as pursued by the SBP during the quarter. In the absence of a clear long-term strategy to address infrastructural weaknesses by the government, it would continue to hamper economic growth and SBP's initiative for private sector credit off-take. For the SBP's initiative to show substance the government would also need to play its due role. We expect the discount rate to stand at around 9.5% for the year ending 2013.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2012

	Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
		(Rupees in '000)	
ASSETS			
Bank balances	4	**23,771**	23,956
Investments	5	**184,435**	213,466
Receivable against Margin Trading System		**149,092**	127,885
Loans and receivables	6	**51,181**	51,181
Profit and other receivables	7	**15,781**	24,214
Deposits and prepayments		**3,138**	3,027
Total Assets		**427,398**	443,729
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company		**13,993**	12,996
Payable to Central Depository Company of Pakistan Limited - Trustee		**79**	73
Payable to Securities and Exchange Commission of Pakistan		**82**	323
Payable on redemption of units		**944**	15
Accrued expenses and other liabilities	8	**3,649**	3,372
Total Liabilities		**18,747**	16,779
NET ASSETS		**408,651**	426,950
UNIT HOLDERS' FUND (as per statement attached)		**408,651**	426,950
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
Number of units in issue		**8,474,377**	8,254,286
		(Rupees)	
Net asset value per unit		**48.2220**	51.7246
Face value per unit		**50**	50

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012

	Note	Quarter ended September 30 2012	2011
		-------- (Rupees in '000) -------	
INCOME			
Capital gain on sale of investments - net		**29**	77
Profit on bank deposits		**696**	519
Income from Margin Trading System		**4,290**	2,156
Income from Term Finance Certificates and Sukuk Bonds		**5,886**	5,169
Income from Government Securities		**2,555**	4,018
Income from Certificates of Investment		**-**	483
		13,456	12,422
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.3	**(167)**	1,694
Total Income		**13,289**	14,116
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company		**1,636**	1,586
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**185**	180
Annual fee - Securities and Exchange Commission of Pakistan		**82**	79
Securities transaction cost		**6**	5
Impairment loss on investments classified as 'available for sale' - net		**1,451**	-
Auditors' remuneration		**81**	76
Settlement and bank charges		**37**	36
Amortisation of preliminary expenses and floatation costs		**-**	126
Fees and subscription		**443**	275
Legal and professional charges		**49**	44
Provision for Workers Welfare Fund		**161**	228
Sales Tax - Provinicial on Management Remuneration		**262**	254
Printing and related costs		**38**	57
Total Expenses		**4,431**	2,946
Net Income from operating activities		**8,858**	11,170
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		**(958)**	17
Net income for the period before taxation		**7,900**	11,187
Taxation	10	**-**	-
Net income for the period after taxation		**7,900**	11,187
OTHER COMPREHENSIVE INCOME			
Unrealised appreciation on re-measurement of investments classified as 'available for sale'		**556**	675
Capital gain realised against sale of investments classified as available-for-sale investments		**-**	27
Total comprehensive income for the period		**8,456**	**11,889**
Earnings per unit	11		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012

	Quarter ended September 30 2012	Quarter ended September 30 2011
	-------- (Rupees in '000) -------	
Undistributed income / accumulated (losses) brought forward		
- Realised income	**15,882**	28,226
- Unrealised loss	**(627)**	(20,636)
	15,255	7,590
Final distribution for the year ended June 30, 2012 : Rs. 4.50 per unit (2011: Final distribution for the year ended June 30, 2011 : Rs. 3.70 per unit)		
- Cash distribution	**(7,078)**	(7,659)
- Issue of bonus units	**(30,067)**	(22,635)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed -amount representing income / (losses) that form part of the unit holders fund	**(5)**	(53)
Net income for the period after taxation	**7,900**	11,187
Accumulated losses carried forward	**(13,995)**	(11,570)
Accumulated losses comprising of		
- Realised (loss) / income	**(13,032)**	7,300
- Unrealised loss	**(963)**	(18,870)
	(13,995)	(11,570)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala	**Aurangzeb Ali Naqvi**
Chief Executive Officer	Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012

	Note	Quarter ended September 30 2012	2011
		-------- (Rupees in '000) --------	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period before taxation		**7,900**	11,187
Adjustments for non-cash and other items			
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**167**	(1,694)
Capital gain on sale of investments - net		**(29)**	(77)
Impairment loss on investments classified as 'available for sale' - net		**1,451**	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		**958**	(17)
Amortisation of preliminary expenses and floatation costs		**-**	126
Remuneration of AKD Investment Management Limited - Management Company		**1,636**	1,586
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**185**	180
		12,268	11,291
(Increase) / decrease in assets			
Receivable against Margin Trading System		**(21,207)**	(123,268)
Investments - net		**(8,372)**	55,557
Loans and receivables		**-**	2,100
Profit and other receivables		**8,433**	(2,963)
Deposits and prepayments		**(111)**	63
		(21,257)	(68,511)
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**974**	80
Payable to Central Depository Company of Pakistan Limited - Trustee		**4**	12
Payable to Securities and Exchange Commission of Pakistan		**(241)**	(255)
Payable on redemption of units		**929**	(7,174)
Accrued expenses and other liabilities		**277**	442
		1,943	(6,895)
Remuneration paid to AKD Investment Management Limited - Management Compar		**(1,613)**	(1,570)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		**(183)**	(178)
Net cash used in operating activities		**(8,842)**	(65,863)
CASH FLOW FROM FINANCING ACTIVITIES			
(Payments) / receipts on issuance / redemption of units - net		**(20,635)**	5,976
Dividend paid		**(7,078)**	(7,659)
Net cash outflow on financing activities		**(27,713)**	(1,683)
Net decrease in cash and cash equivalents during the period		**(36,555)**	(67,546)
Cash and cash equivalents at the beginning of the period		**72,669**	123,755
Cash and cash equivalents as at the end of the period	4.1	**36,114**	56,209

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012

	Quarter ended September 30 2012	Quarter ended September 30 2011
	-------(Rupees in '000)------	
Net assets at the beginning of the period	**426,950**	413,691
Issue of 949,021 units (2011: 489,338 units)	**44,829**	23,172
Redemption of 1,365,599 units (2011: 360,943 units)	**(65,464)**	(17,196)
	(20,635)	5,976
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to Income Statement	**958**	(17)
- amount representing (income) / loss that form part of unit holders' fund - transferred to Distribution Statement	**5**	53
	963	36
Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'	**556**	675
Capital gain realised against sale of investments classified as 'available for sale'	**-**	27
	556	702
Issue of 636,669 bonus units (2011: Issue of 483,366 bonus units)	**30,067**	22,635
Other net income for the period	**8,038**	9,416
Capital gain on sale of investments	**29**	77
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - net	**(167)**	1,694
Element of Income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders fund	**(5)**	(53)
Final distribution for the year ended June 30, 2012: Rs. 4.50 per unit (2011: Final distribution for the year ended June 30, 2011 : Rs. 3.70 per unit)		
- Issue of bonus units	**(30,067)**	(22,635)
- Cash distribution	**(7,078)**	(7,659)
	(29,250)	(19,160)
Net assets at the end of the period	**408,651**	423,880

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012

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) authorised 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 previous 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 condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (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 the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosure made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34; 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published annual financial statements of the Fund for the year ended June 30, 2012.

		Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
			(Rupees in '000)	
4	**BANK BALANCES**			
	In current accounts		**14**	14
	In savings accounts		**23,757**	23,942
			23,771	23,956
4.1	**CASH AND CASH EQUIVALENTS**			
	Bank balances		**23,771**	23,956
	Market treasury bills having maturity of three months		**12,343**	48,713
			36,114	72,669
5	**INVESTMENTS**			
	Financial assets at fair value through profit or loss - held for trading			
	- Fixed income and other debt securities	5.1	**147,581**	174,894
	Available for sale			
	- Debt securities	5.2	**36,854**	38,572
			184,435	213,466

		Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
			(Rupees in '0	
5.1	**'Financial assets at fair value through profit or loss' - held for trading (fixed income and other debt securities)**			
	Term finance certificates	5.1.1	**100,405**	107,038
	Government Securities	5.1.2	**47,176**	67,856
			147,581	174,894

5.1.1 Term finance Certificates

Name of the Investee Company	----- Number of certificates----- As at July 1, 2012	Purchases during the period	Sales / redeemed during the period	As at Sept. 30,2012	Profit / mark-up rate	Carrying cost	Market value as at Sept. 30, 2012	Appre-ciation / (diminu-tion)	Market Value as Percent-age of net assets	Market Value percent-age of total investments
						-----------Rupees in '000-----------				
Certificates of Rs 5,000 each unless otherwise stated										
Term Finance Certificates - Listed										
Dewan Cement Limited (note 5.1.1.1)	20,000	-	-	20,000	6 months KIBOR+2.00%	-	-	-	-	-
Engro Fertilizer Limited (30-11-2007)	25	-	-	25	6 months KIBOR+1.55%	124	122	(2)	0.03%	0.07%
Worldcall Telecom Limited (07-10-2008)	20,000	-	-	20,000	6 months KIBOR+1.6%	32,124	31,463	(661)	7.70%	17.06%
Pace Pakistan Limited (15-02-2008)	115	-	-	115	6 months KIBOR+2%	284	133	(151)	0.03%	0.07%
Summit Bank Limited (27-10-2011)	5,000	-	-	5,000	6 months KIBOR+3.25%	24,557	24,502	(55)	6.00%	13.28%
						57,089	56,220	(869)		
Term Finance Certificates - Unlisted										
Al-Abbas Sugar Mills Limited (21-11-2007)	11,000	-	-	11,000	6 months KIBOR+1.75%	16,475	16,560	85	4.05%	8.98%
JDW Sugar Mills Limited (23-06-2008)	10,246	-	-	10,246	3 months KIBOR+1.25%	20,322	20,453	131	5.01%	11.09%
Orix Leasing Pakistan Limited (15.01.08) (face value Rs. 100,000 each)	190	-	-	190	6 months KIBOR + 1.20%	3,179	3,176	(3)	0.78%	1.72%
Kohat Cement Company Limited (20-06-2007)	4,000	-	-	4,000	3 months KIBOR + 1.50%	3,818	3,996	178	0.98%	2.17%
						43,794	44,185	391		
Total - Sept. 30, 2012						100,883	100,405	(478)		
Total - June 30, 2012						108,263	107,038	(1,225)		

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.

5.1.2 Government Securities

Issue date	Tenor	Face Value					Balance as at Sept. 30, 2012			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2012	Purchased during the period	Disposed during the period	Matured during the period	As at Sept. 30, 2012	Cost	Market value	Appreciation / (diminution)		
		--------------------(Rupees in '000)--------------------									
Pakistan Investment Bonds											
March 26, 2003	10 years	-	35,000	-	-	35,000	34,546	34,833	287	8.52%	18.89%
Market Treasury Bills											
May 17, 2012	6 months	20,000	-	7,500	-	12,500	12,319	12,343	24	3.02%	6.69%
June 28, 2012	3 months	50,000	-	20,000	30,000	-	-	-	-	-	-
Total - Sept. 30, 2012						47,500	46,865	47,176	311		
Total - June 30, 2012						70,000	67,869	67,856	(13)		

5.2 Available-for-sale (Debt securities)	Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
		(Rupees in '000)	
Term Finance Certificates and Sukuk Bonds	5.2.1	36,854	38,572

5.2.1 Term Finance Certificates and Sukuk Bonds

Name of the Investee Company	---Number of certificates / Bonds --- As at July 1, 2012	Purchases during the period	Sales / redeemed during the period	As at Sept. 30,2012	Profit / mark-up rate	Cost	Market value as at Sept. 30, 2012	Appreciation / (diminution)	Market Value as a percentage of net assets	Market Value as a percentage of total investments
						-----------Rupees in '000'-----------				
Certificates / Bonds of Rs 5,000 each unless otherwise stated										
Term Finance Certificates - Unlisted										
Avari Hotels Limited (1-11-2007)	7,093	-	-	7,093	1 year KIBOR+2.5%	30,116	29,861	(255)	7.31%	16.19%
Al-Abbas Sugar Mills Limited (21-11-2007)	600	-	-	600	6 months KIBOR + 1.75%	899	903	4	0.22%	0.49%
						31,015	30,764	(251)		
Sukuk Bonds - Unlisted										
New Allied Electronics Industries (Pvt.) Limited certificate 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%	3,681	2,760	(921)	0.68%	1.50%
Maple Leaf Cement Factory Limited (3-12-2007)	2,000	-	-	2,000	3 months KIBOR + 1.0%	9,729	3,330	(6,399)	0.81%	1.81%
Maple Leaf Cement Factory Limited additional (31-3-2010)	75	-	-	75	3 months KIBOR + 1.0%	292	-	(292)	-	-
						43,702	6,090	(37,612)		
						74,717	36,854	(37,863)		
Less: Impairment Loss recognised						(37,612)	-	37,612		
Total-Sept. 30, 2012						37,105	36,854	(251)		
Total-June 30, 2012						39,379	38,572	(807)		

		Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
			(Rupees in '000)	
5.2.2	**Unrealised appreciation / (diminution) in value of investments classified as available-for-sale - net**			
	Market value of investments	5.2.1	**36,854**	38,572
	Less:			
	Cost of investments		**74,717**	75,540
	Impairment loss recognised		**(37,612)**	(36,161)
			37,105	39,379
			(251)	(807)
	Less: Net unrealised diminution in fair value of investments classified as available-for-sale at the beginning of the period		**(807)**	(3,272)
	Less: Realised on disposal of investments		**-**	27
			(807)	(3,245)
			556	2,438
5.2.3	**Movement in Impairment**			
	Opening balance		**136,161**	147,506
	Add: charge for the period		**1,657**	2,620
	Less: reversal due to disposal and reclassification		**(206)**	(2,294)
			1,451	326
	Less: Write-off during the period / year		**-**	(11,671)
	Closing balance		**137,612**	136,161
5.2.3.1	***The breakup 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	5.2.1	**37,612**	36,161
			137,612	136,161
5.3	**Unrealised appreciation / (diminution) 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	**147,581**	174,894
	Less: carrying value of securities	5.1.1 & 5.1.2	**(147,748)**	(176,132)
			(167)	(1,238)

5.4 NON-COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Details of non compliant investments with the investment criteria of assigned category

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held if any	Value of investment after provision	% of Net Assets	% of Gross Assets	Remarks
		------------Rupees in '000'------------					
Security Leasing Corporation Limited	Preference shares	11,352	-	11,352	2.78%	2.66%	Preference shares do not fall within the purview of prescribed securities as specified in para 10 of SECP Circular No. 07 of 2009

	Note	(Un-audited) September 30, 2012	(Audited) June 30 2012
6 LOANS AND RECEIVABLES		(Rupees in '000')	
Certificates of Investment			
- Saudi Pak Leasing Company Limited		**20,000**	20,000
Term Finance Certificates			
- First Dawood Investment Bank Limited	6.1	**19,829**	19,829
Preference Shares			
- Security Leasing Corporation Limited	6.2	**11,352**	11,352
		51,181	51,181

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 June 30, 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 has already been written off. 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 Company Limited (Sukuk certificates: 4,237) and Golden Arrow Selected Stocks Fund Limited (Ordinary shares: 2,430,167) having aggregate market value of Rs 16.46 million as of September 30, 2012 into the CDC account of the Fund as collateral. the Fund also received redemption proceeds of Rs. 13.34 million against the said sukuks of Kohat Cement Company Limited.

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.

		Note	(Un-audited) September 30, 2012	(Audited) June 30 2012
			(Rupees in '000)	
7	**PROFIT AND OTHER RECEIVABLES**			
	Profit receivable on bank deposits		**140**	687
	Income accrued on Term Finance Certificates and Sukuk Bonds		**14,672**	13,527
	Income accrued on Margin Trading System		**926**	863
	Income accrued on Pakistan Investment Bonds		**43**	-
	Receivable against the redemption of TFC		**-**	9,137
			15,781	24,214
8	**ACCRUED EXPENSES AND OTHER LIABILITIES**			
	National Clearing Company Charges		**81**	76
	Withholding tax payable		**7**	-
	Auditors' remuneration		**316**	235
	Provision for Worker's Welfare Fund	8.1	**2,393**	2,232
	Others		**852**	829
			3,649	3,372

8.1 Provision for Worker's Welfare Fund

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 2.39 million, if the same were not made, the NAV per unit / return would have been higher by Re 0.28 per unit (0.59%).

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There were no contingencies outstanding as at September 30, 2012 and June 30, 2012.

9.2 Commitments	(Un-audited) September 30, 2012	(Audited) June 30 2012
	(Rupees in '000)	
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled as at period end	**49,572**	-
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions have not been settled as at period end	**33,218**	8,833

10 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 realised or unrealised, is distributed amongst the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11 of part IV of the second schedule to the Income Tax Ordinance, 2001.

11 EARNINGS PER UNIT

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.

12 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, at contracted rates and terms determined in accordance with market rates.

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

		(Un-audited) Quarter ended September 30	
12.1	**Transactions during the period**	**2012**	**2011**
		(Rupees in '000)	
	AKD Investment Management Limited - Management Company		
	Management fee	**1,636**	1,586
	Sales Tax - Provinicial on Management Remuneration	**262**	254
	Purchase of units (2012: 84,204 ; 2011: Nil)	**4,000**	-
	Redemption of units (2012: 84,204 ; 2011: Nil)	**4,033**	-
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee fee	**185**	180
	AKD Investment Management Limited Staff Provident Fund		
	Purchase of units (2012: 146,379 ; 2011: Nil)	**6,864**	-
	Issue of bonus units (2012: 2,211 ; 2011: Nil)	**104**	-
	Redemption of units (2012: 171,788 ; 2011: Nil)	**8,207**	-
	Saudi Pak Leasing Company Limited		
	Principal Matured	**-**	1,000
	Markup received	**-**	142

		(Un-audited) September 30, 2012	(Audited) June 30 2012
12.2	**Amounts outstanding as at the period end**	**(Rupees in '000)**	
	AKD Investment Management Limited - Management Company		
	Management fee payable	**539**	516
	Sales Tax - Provinicial on Management Remuneration	**86**	83
	Preliminary expenses and floatation costs	**25**	25
	Proceeds on redemption of Sukuks of Kohat Cement Company Limited	**13,343**	12,372
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee fee payable	**61**	59
	CDS charges Payable	**18**	14
	Security Deposit receivable	**100**	100

	(Un-audited) September 30, 2012	(Audited) June 30 2012
AKD Investment Management Limited Staff Provident Fund		
Units held (Sep. 30, 2012 : Nil; June 30, 2012: 23,198)	**-**	1,200
AKD Cash Fund		
Payable against conversion of units	**944**	-
Saudi Pak Leasing Company Limited		
Certificate of Investment	**20,000**	20,000

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 31, 2012 by the Board of Directors of the Management Company.

14 GENERAL

14.1 Figures have been rounded off to the nearest thousand rupees.

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

AKD Investment
Management Ltd.

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