Funds Managed by:

AKD Investment Management Ltd.

Half Yearly Report
December 31, 2013
(Un-audited)



Half Yearly report

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

AKD CASH FUND

AKD AGGRESSIVE INCOME FUND

Partner with AKD Profit from the Experience

AKD Investment Management Ltd.

TABLE OF CONTENTS

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. Abdul Karim Memon*

Director & Chief Executive Officer
Mr. Imran Motiwala

Directors
Mr. Ali Wahab Siddiqui*
Mr. M. Ramzan Sheikh
Mr. Hasan Ahmed**
Mr. Ahmed Abdul Sattar*
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. M. Ramzan Sheikh (Chairman)
Mr. Hasan Ahmed (Member)***
Mr. Ali Wahab Siddiqui (Member)
Mr. Muhammad Yaqoob (Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR & R)

Mr. Abdul Karim Memon (Chairman)
Mr. Imran Motiwala (Member)
Mr. Ahmed Abdul Sattar (Member)

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

* Approval pending from SECP.
** Appointed as Director in place of Mr. Aurangzeb Ali Naqvi on December 31, 2013 and approval is pending from SECP.
*** Appointed Member Audit Committee by Circular Resolution passed by the Board of Directors on January 7, 2014.

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, the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF) and AKD Aggressive Income Fund (AKDAIF) is pleased to present its half yearly report along with the Funds' accounts for the half year ended 31 December 2013.

Fund's Financial Performance

AKD Opportunity Fund (AKDOF)

For the first half of FY14, the return of the AKD Opportunity Fund stood at 21.65% compared to the benchmark KSE-100 index return of 20.26%, thus outperforming the benchmark by 1.39%.

AKD Index Tracker (AKDITF)

For the first half of FY14, the return of the AKD Index Tracker Fund stood at 18.30% against the benchmark KSE-100 index return of 20.26%.

AKD Cash Fund (AKDCF)

For the first half of FY14, the annualized return of the AKD Cash Fund stood at 8.15% against benchmark return of 8.13%, thus outperforming the benchmark by 0.02%.

AKD Aggressive Income Fund (AKDAIF)

For the first half of FY14, AKD Aggressive Income Fund posted an annualized return of 5.67% against the benchmark return of 9.87%, thereby underperforming the benchmark by 4.2%.

Macro Perspective

The ruling Government's initiative of "investor friendly" policies has set a stage for a quick economic recovery while recent announcements of the EU for granting GSP Plus status would also help the cause. The Government in its early days of power cleared the circular debt which resulted in increased electricity production. Resultantly the private sector credit showed a sharp increase in 1HFY14, and stood at PKR 259bn vis-à-vis PKR 73bn in the same period last year, showing an enormous increase of 254%. For the first time, the Government announced quarterly GDP figures stating that the economy grew by 5.1% positives from clearing circular debt and increase in electricity production. In order to benefit from the increase in demand from attaining GSP Plus status and sustain the global competitive edge the Government would need to work on a war footing to address infrastructural weaknesses including the gas and electricity shortages which still remains the biggest impediment towards economic growth.

The Government's initiatives since coming to power include changing the electricity production mix where the Government has started to convert the most expensive furnace oil based power plants to cheaper coal based power plants while it has also decided to import LNG as an alternative source to depleting domestic gas reserves. Without say, as these initiatives remain key to unlocking economic value, there are however no short-term solutions to these issues. The Government is also pursuing new mega hydro power, coal based and nuclear power projects in order to cope up with the increasing demand supply gap. These initiatives remain the step in the right direction.

While the foreign exchange reserves continued to deplete, Pakistan entered into an IMF program in order to avert an imminent sovereign default on its external debt. The IMF has set quarterly targets to be achieved; with the disbursements linked to the fulfillment of pre-defined targets. This will help Pakistan to attain fiscal discipline that has been lacking at large. Entering into an IMF program has also paved way for obtaining funding from other bilateral and multilateral agencies to finance infrastructural projects within the country.

The trade deficit contracted by 8.75% in 1HFY14 and stood at $9.03bn, as compared to US $ 9.9bn in 1HFY13. This decline is the outcome of an increase in exports by 5.1% while imports posted a decline of 1.14% (partial decrease in imports is on account of decline in international commodity prices). On the flip side, exports have mainly increased on account of PKR depreciation against greenback while grant of GSP Plus status accorded to Pakistani made-ups by the European Union will show its positive effects starting from 2HFY14. Despite the decline in trade deficit, the External Current Account (CA) deficit surged to US $1.5 billion against US $83 million in 1HFY13. This is mainly attributable to net debt servicing of US $952 million to International Monetary Fund (IMF) on account of Standby Agreement (SBA) and other outstanding loans that was also one of the prime reasons that forced Pakistan to re-enter into another IMF Program.

The Rupee expectedly continued to weaken against the USD with a decline in foreign exchange reserves. Although devaluation has its positives in terms of exports, however, this has not been the case for Pakistan due to infrastructural weaknesses and persistent power outages that has hampered any increase in production to cater to increased international demand.

The SBP in its latest monetary policy decided to maintain the discount rate based on anticipated improvement in dollar inflows and the tampering off of inflation. The SBP increased the policy rate by 50 basis points each in September and November 2013 mainly on account of two concerns. One was the continued deterioration in the balance of payments position while the other was worsening of inflation outlook. The overall current account deficit for FY14 is projected to increase. However, it is not deemed very high by historical standards and does not seem to pose risk to the external sector. The external current account deficit and its financing rests with inflows like Coalition Support Fund, 3G license fee, outstanding privatization proceeds of PTCL related inflows, and issuance of a euro bond. Absence of these flows could potentially result in a balance of payments deficit as against an anticipated surplus for FY14. Together with net repayments to the IMF for FY14, this suggests that there are some risks to the balance of payments position. While on the monetary side it is anticipated that the discount rate would remain unchanged from current levels for the rest of FY14.

Insurgency continued to plague the country while it remained at its all time peak. Civilians, policemen, politicians as well as personnel of the armed forces remained their targets. In its renewed efforts the Government has formed a committee for talks with different militant groups in order to eradicate the menace.

Equity Market

During the first half and especially in the second quarter a major rally was witnessed in the textile sector as the country gained access to duty free exports in to the European Union after the attainment of the GSP Plus status thereby leading to 25% gains in textile sector stocks during 2QFY14. Top performing sectors during the first half of the current fiscal year included Tobacco (+213%), Health Care Equipment and Services (+196%), Media (112%), Forestry (81%) and Software and Computer Services (52%). On the contrary, the sectors that lost the most during the same period were Equity Investment Instruments (-28%), Food Producers (-15%), Support Services (-13%), Travel and Leisure (-11%) and Real Estate Investment and Services (-10%).

Money Market

During 1HFY14 SBP auctioned T-Bills and PIBs of various maturities. In total thirteen T-Bill auctions were conducted during the period, where the Government managed to raise PKR 3.62 trillion against target of PKR 3.75 trillion, while the majority of the amount of PKR2.31 trillion was raised in 2QFY14. During 1HFY14, weighted average yields on 3, 6 and 12-months yields increased by 97, 106 and 2 basis points respectively to 9.90%, 9.98% and 8.97%. The sharp decline in the month on month Inflation in December '13 has mitigated the risk of major discount rate hike in the coming Monetary Policy Statements consequently pushing banks to increase participation in T-bills auctions. The SBP conducted six PIB auction during 1HFY14 and managed to raise PKR 163 billion against the target of PKR 300 billion with the maturity of PKR 149 billion. In 2QFY14 Government has raised 59% more than the amount raised in 1QFY14 from PIB auctions. The weighted average yields on 3, 5 and 10-years yields increased by 248, 251 and 191 basis points respectively.

Future Outlook

With the Government is all set to privatize major state owned entities, the likes of PIA, Pakistan Steel Mills and top tier banks to name a few, trading activity on the KSE is likely to continue its charm in the coming quarters. The State Bank of Pakistan's decision of maintaining the discount rate also seems to pave way to boost up private sector borrowing and consequently keep the cycle of economy running at a steady pace. Moreover, we foresee Pakistan having good relations with United States in the future to resolve all issues based on mutual understanding.

On the flip side, things that may hamper the high level of investor confidence include news of worsening of the Pakistan United States relations, the issue of Ex-President Musharraf which could lead to cold relations between the top two power circles of the Country, and finally ties with the Taliban as they are key determinant of peace and prosperity within the region.

We expect foreign inflows to continue to pour into our local bourses. Although Pakistani Stock Market is trading near its all time highs, the market continues to trade at very cheap multiples relative to its peers. We advice our investors to remain positive in the local equity markets.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: February 21, 2014

AKD Aggressive Income Fund
Financial Information - First Half FY14

Contents

AKD Aggressive Income Fund

AKD
AGGRESSIVE INCOME FUND

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

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
Askari 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
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)
JCR-VIS: BBB(F) [Triple B (F)]

FUND MANAGER'S REPORT

i) Description of the Collective Investment Scheme Category and type:

Open - end Aggressive Fixed Income Scheme

ii) Statement of Collective Investment Scheme's investment objective:

AKDAIF is a dedicated fund that focuses primarily on fixed income securities and instruments. The objective of AKDAIF is to offer investors a convenient vehicle to invest in a diversified portfolio of fixed income securities / instruments that provide consistent returns with concern for preservation of capital over the longer term.

iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1HFY14, the return of the AKD Aggressive Income Fund stood at 5.67% (annualized) versus the benchmark return of 9.87%, thus underperforming the benchmark by 4.2%. The Fund underperformed the benchmark primarily due to impairments on Corporate Debt Securities. However, the return is expected to improve subsequent to the reclassification of these Corporate Debt Securities as performing assets.

iv) Statement of benchmark (s) relevant to the Collective Investment Scheme:

1 Year KIBOR

v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmark:

Monthly Yield (annualized)	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
AKD Aggressive Income Fund	6.67%	4.57%	11.99%	7.92%	0.48%	2.06%
Benchmark	9.40%	9.52%	9.72%	10.02%	10.19%	10.45%

vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance:

AKD Aggressive Income Fund is an open end aggressive fixed income schemes, the return of the funds are generated through investment in T bills, Margin Trading System and Corporate debt instruments. AKDAIF is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

vii) Disclosure of Collective Investment Scheme's asset allocation as the date of the report and particulars of significant changes in asset allocation since the last report (if applicable):

Asset Allocation (% of Total Asset)	31-Dec-13	30-Sep-13
Cash and Cash Equivalents	34.90%	58.33%
Placement with NBFCs	0.58%	1.71%
Preference Shares	2.37%	2.39%
MTS	45.70%	17.16%
TFCs / SUKUK	13.66%	17.52%
Other assets including receivables	2.79%	2.89%

viii) Analysis of the Collective Investment Scheme's performance:

1HFY14 Return (annualized)	5.67%
Benchmark (annualized)	9.87%

ix) Changes in total NAV and NAV per unit since the last reviewed period:

Net Asset Value			NAV per Unit	
31-Dec-13	30-Sep-13	Change in Net Asset	31-Dec-13	30-Sep-13
(Rupees in '000)			(Rupees)	
472,538	468,619	0.84%	48.7675	48.3376

x) Disclosure on the markets that the Collective Investment Scheme has invested in including-reviews of the market (s) invested in and return during the period:

Economy

Government's decision to clear the circular debt in the early days of coming to power resulted in some benefits for the economy. To praise itself the Government for the first time in history, published quarterly national account numbers whereby it stated that the GDP registered a growth of 5.1% in 1QFY14, while the target GDP growth for the full year FY14 has been set at 4.4%. This growth in GDP is well supported by growth in industrial and services sector, which grew by 5.2% and 5.7% respectively. Trade deficit contracted by 8.75% in 1HFY14 and stood at $9.03bn, as compared to US $ 9.9bn in 1HFY13. This decline is the outcome of slight increase in exports by 5.1% while imports posted a decline of 1.14%. Despite the decline in trade deficit, the External Current Account (CA) deficit surged to US $1.5 billion against US $83 million in 1HFY13. This is mainly attributable to net debt servicing of US $952 million to International Monetary Fund (IMF) on account of Standby Agreement (SBA) and other outstanding loans; which also forced Pakistan to re-enter into another IMF Program.

In a recent Monetary Policy report, the State Bank of Pakistan (SBP) has estimated that the net payments from the IMF will increase in 2HFY14 helping build foreign exchange reserves. This increase in net inflow from IMF, when coupled with timely receipt of remaining Coalition Support Funds, proceeds from the auction of 3G licenses and gradual increase in home remittances will lead to a gradual improvement in SBP's reserves, which have declined to as low as US $ 3.5bn by 10, January 2014. Home remittances amounted to US $ 7.80bn has depicting a growth of 9.9%YoY.

The average CPI inflation in 1HFY14 stood at 8.9%YoY against 8.3%YoY in the same period last year. International commodity prices have fairly remained stable since the beginning of FY14. This has neutralized the impact of exchange rate volatility on inflation. Thus, the high inflation in the country is primarily due to domestic factors, which mainly includes PKR depreciation, hike in electricity tariff and the considerable increase in perishable food prices. Nevertheless, SBP expects that the average inflation figure for FY14 would remain in the range of 10-11% versus the Government's estimate of 8%.

The private sector credit has shown a sharp increase in 1HFY14, and stood at PKR 259bn vis-à-vis PKR 73bn in the same period last year, showing an enormous increase of 254%. This credit off-take has primarily been witnessed in gas, electricity, textiles, and commerce and trade sectors. It is expected that the off-take will continue on the account of improved financial position of major corporate sectors, higher demand of their products and reduction in NPL loans.

The SBP, in a latest monetary policy statement has kept the discount rate unchanged at 10%. This may have been the result of lower than expected inflation figures, expected foreign inflows from the IMF and other bilateral and multilateral donor agencies, privatization proceeds and fiscal consolidation efforts by the Government.

Money Market Review

During 1HFY14 SBP auctioned T-Bills and PIBs of various maturities. In total thirteen T-Bill auctions were conducted during the period, where the Government managed to raise PKR 3.62 trillion against target of PKR 3.75 trillion, while the majority of the amount of PKR 2.31 trillion was raised in 2QFY14. During 1HFY14, weighted average yields on 3, 6 and 12-months T-Bills have increased by 97, 106 and 2 bps respectively to 9.90%, 9.98% and 8.97%. The sharp decline in the MoM Inflation in December 2013 has mitigated the risk of major discount rate hike in the upcoming Monetary Policy, consequently pushing banks to increase participation in T-bills auctions. The SBP conducted six PIB auction during 1HFY14 and has managed to raise 163 billion against the target of 300 billion with the maturity of 149 billion. In 2QFY14 government has raised 59% more than the amount raised in 1QFY14 from PIB auctions. The weighted average yields on 3, 5 and 10-years yields have increased by 248, 251 and 191 basis points respectively.

Future Outlook

State Bank's initiative to promote private sector credit off-take coupled with expected dollar inflows from bilateral and multilateral donor agencies and privatization proceeds the State Bank would maintain the interest rates at current levels for the remaining half of fiscal year 2014.

xi) Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements:

There were no significant changes in the state of affairs during the period and up till the date of the Fund Manager's report under review.

xii) Disclosure on unit split (if any), comprising:

There were no unit splits during the period.

xiii) Breakup of unit holding by size:

Range (Units)	No. of Investors
0.1 - 9,999	28
10,000 - 49,999	7
50,000 - 99,999	2
100,000 - 499,999	1
500,000 and above	4
	42

xiv) Disclosure of circumstances that materially affect any interest of unit holders:

Investments are subject to credit and market risk.

xv) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme:

No soft commission have been received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

TRUSTEE REPORT TO THE UNIT HOLDERS

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

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 six months period ended December 31, 2013 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi, February 25, 2014

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of AKD AGGRESSIVE INCOME FUND as at December 31, 2013, and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information') for the half year ended December 31, 2013. Management Company (AKD Investment Management Limited) is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

Karachi: February 21, 2014

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2013

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
		---- (Rupees in '000) -----	
ASSETS			
Bank balances	4	**18,021**	7,248
Investments	5	**214,227**	261,391
Receivable against margin trading system		**218,608**	163,775
Loans and receivables	6	**14,115**	22,114
Profit and other receivables	7	**10,320**	35,153
Deposits and prepayments	8	**3,019**	3,027
Total assets		**478,310**	492,708
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	**1,346**	734
Payable to Central Depository Company of Pakistan Limited - Trustee	10	**95**	85
Payable to Securities and Exchange Commission of Pakistan	11	**180**	336
Payable on redemption of units		**-**	24
Accrued expenses and other liabilities	12	**4,151**	4,012
Total liabilities		**5,772**	5,191
NET ASSETS		**472,538**	487,517
UNIT HOLDERS' FUND (as per statement attached)		**472,538**	487,517
CONTINGENCIES AND COMMITMENTS	13		
		---- (Number of units) ----	
Number of units in issue		**9,689,614**	9,689,849
		--------- (Rupees)---------	
Net asset value per unit		**48.7675**	50.3121

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Note	Half year ended December 31, 2013	Half year ended December 31, 2012	Quarter ended December 31, 2013	Quarter ended December 31, 2012
		-------------(Rupees	in '000)-------------		
INCOME					
Income from term finance certificates and sukuk bonds		**9,504**	6,862	**5,347**	976
Income from government securities		**9,810**	3,176	**5,326**	621
Income from Margin Trading System		**7,592**	10,185	**3,179**	5,895
Profit on bank deposits		**1,437**	1,782	**671**	1,086
Capital (loss)/gain on sale of investments		**(89)**	384	**(50)**	355
		28,254	22,389	**14,473**	8,933
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.5	**(8,004)**	(6,337)	**(6,814)**	(6,170)
Total income		**20,250**	16,052	**7,659**	2,763
EXPENSES					
Remuneration of AKD Investment Management Limited - Management Company		**3,598**	3,262	**1,784**	1,626
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**408**	370	**202**	185
Annual fee - Securities and Exchange Commission of Pakistan		**180**	163	**89**	81
Security transaction cost		**3**	11	**1**	5
Impairment loss/(reversal of impairment loss) on investments	5.4	**(621)**	1,076	**(313)**	(375)
Auditors' remuneration		**179**	186	**98**	105
Settlement and bank charges		**124**	91	**64**	54
Fees and subscription		**849**	1,042	**397**	599
Legal and professional		**100**	97	**50**	48
Printing and related cost		**95**	76	**51**	38
Sales tax and federal exise duty on management fee		**1,244**	522	**617**	260
Workers' welfare fund		**277**	175	**92**	14
Total expenses		**6,436**	7,071	**3,132**	2,640
Net income from operating activities		**13,814**	8,981	**4,527**	123
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		**(217)**	(406)	**(7)**	552
Net income for the period before taxation		**13,597**	8,575	**4,520**	675
Taxation	14	**-**	-	**-**	-
Net income for the period after taxation		**13,597**	8,575	**4,520**	675
Other comprehensive loss for the period					
Items that will be classified subsequently to profit and loss					
Unrealised diminution on re-measurement of investments classified as 'available for sale' - net		**(457)**	(238)	**(360)**	(794)
		(457)	(238)	**(360)**	(794)
Total comprehensive income for the period		**13,140**	**8,337**	**4,160**	**(119)**
Earnings per unit - basic and diluted	15				

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----------------(Rupees in '000)----------------			
Accumulated profit / (loss) brought forward				
Realised income / (loss)	**16,656**	15,882	**(1,149)**	(13,032)
Unrealised loss	**(9,879)**	(627)	**(11,106)**	(963)
	6,777	15,255	**(12,255)**	(13,995)
Final distribution for the year ended June 30, 2013: @ Rs. 2.90 per unit (June 2012: Rs 4.5 per unit)				
- Cash distribution	**(3,694)**	(7,078)	**-**	-
- Issue of bonus units	**(24,407)**	(30,067)	**-**	-
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	**(7)**	(10)	**1**	(5)
Net income for the period	**13,597**	8,575	**4,520**	675
Accumulated loss carried forward	**(7,734)**	(13,325)	**(7,734)**	(13,325)
Accumulated loss comprising of:				
Realised income / (loss)	**12,200**	(6,198)	**12,200**	(6,198)
Unrealised loss	**(19,934)**	(7,127)	**(19,934)**	(7,127)
	(7,734)	(13,325)	**(7,734)**	(13,325)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	(Rupees in '000)			
Net assets at beginning of the period	**487,517**	426,950	**468,619**	408,651
Issue of units 43 (2012: 1,995,904 units for the half year ended December 31, 2012)	**2**	94,829	**-**	50,000
Redemption of units 515,060 (2012: 1,384,030 units for the half year ended December 31, 2012)	**(24,644)**	(66,350)	**(248)**	(886)
	(24,642)	28,479	**(248)**	49,114
Issue of 514,782 bonus units (2012: 636,669 bonus units for the half year ended December 31, 2012)	**24,407**	30,067	**-**	-
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed				
- amount representing (income) / losses and capital (gains) / losses - transferred to Income Statement	**217**	406	**7**	(552)
- amount representing losses that form part of the Unit holder's fund - transferred to Distribution Statement	**7**	10	**(1)**	5
	224	416	**6**	(547)
Net unrealised diminution on re-measurement of investments classified as ' available for sale'	**(457)**	(238)	**(360)**	(794)
	(457)	(238)	**(360)**	(794)
Other net income for the period	**21,690**	14,528	**11,384**	6,490
Capital gain / (loss) on sale of investments	**(89)**	384	**(50)**	355
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	**(8,004)**	(6,337)	**(6,814)**	(6,170)
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	**(7)**	(10)	**1**	(5)
Final distribution for the year ended June 30, 2013: @ Rs. 2.90 per unit (2012: Rs 4.50 per unit)				
- Cash distribution	**(3,694)**	(7,078)	**-**	-
- Issue of bonus units	**(24,407)**	(30,067)	**-**	-
	(14,511)	(28,580)	**4,521**	670
Net assets at end of the period	**472,538**	457,094	**472,538**	457,094

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Note	Half year ended December 31, 2013	Half year ended December 31, 2012	Quarter ended December 31, 2013	Quarter ended December 31, 2012
		(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES					
Net income for the period before taxation		**13,597**	8,575	**4,520**	675
Adjustments for non-cash and other items					
Unrealised diminution in fair value of investments classified as 'financial assets at fair value through profit or loss' - net		**8,004**	6,337	**6,814**	6,170
Capital (gain)/loss on sale of investments		**89**	(384)	**50**	(355)
Impairment loss on investment / (reversal of impairment loss)		**(621)**	1,076	**(313)**	(375)
Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed		**217**	406	**7**	(552)
Remuneration of AKD Investment Management Limited - Management Company		**3,598**	3,262	**1,784**	1,626
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**408**	370	**202**	185
		25,292	19,642	**13,064**	7,374
(Increase) / decrease in assets					
Investments - net		**14,621**	37,350	**10,809**	45,722
Receivable against margin trading system		**(54,833)**	(129,540)	**(137,233)**	(108,333)
Loans and receivables		**7,999**	1,237	**5,333**	1,237
Profit and other receivables		**24,833**	15,529	**213**	7,096
Deposits and prepayments		**8**	11	**122**	122
		(7,372)	(75,413)	**(120,756)**	(54,156)
Increase / (decrease) in liabilities					
Payable to AKD Investment Management Limited - Management Company		**587**	4,846	**290**	3,872
Payable to Central Depository Company of Pakistan Limited - Trustee		**8**	9	**10**	5
Payable to Securities and Exchange Commission of Pakistan		**(156)**	(160)	**89**	81
Payable on redemption of units		**(24)**	(15)	**-**	(944)
Accrued expenses and other liabilities		**139**	234	**(126)**	(43)
		554	4,914	**263**	2,971
Remuneration paid to AKD Investment Management Limited - Management Company		**(3,573)**	(3,197)	**(1,759)**	(1,584)
Remuneration paid to Central Depository Company of Pakistan - Trustee		**(406)**	(363)	**(200)**	(180)
Net cash (used in) / generated from operating activities		**14,495**	(54,417)	**(109,388)**	(45,575)
CASH FLOW FROM FINANCING ACTIVITIES					
Net receipts / (payments) against issuance / redemptions of units		**(24,642)**	28,479	**(248)**	49,114
Dividend paid		**(3,694)**	(7,078)	**-**	-
Net cash generated from / (used in) financing activities		**(28,336)**	21,401	**(248)**	49,114
Net (decrease) / increase in cash and cash equivalents during the period		**(13,841)**	(33,016)	**(109,636)**	3,539
Cash and cash equivalents at beginning of the period		**180,749**	72,669	**276,544**	36,114
Cash and cash equivalents at end of the period	4.2	**166,908**	39,653	**166,908**	39,653

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Aggressive 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 mushrakas (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.

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 June 19, 2013.

This interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

2. STATEMENT OF COMPLIANCE

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

2.2 This condensed interim financial information comprises of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013. Comparative information of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the half year ended December 31, 2013 and for the quarter ended December 31, 2013 are un-audited and have been included to facilitate comparison.

2.3 This condensed interim financial information is unaudited, however, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and these condensed interim financial information are being circulated to the unit holders as required under the NBFC Regulations.

2.4 The directors of the Asset Management Company declare that this condensed interim financial information give a true and fair view of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates, judgments and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the fund for the year ended June 30, 2013.

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
4. BANK BALANCES		----(Rupees in '000)----	
In savings accounts		**18,007**	7,234
In current accounts	4.1	**14**	14
		18,021	7,248

4.1 These carry markup at the rates ranging from 7% to 8.5% (June 30, 2013 : 6% to 8%).

4.2 Cash and cash equivalents

Bank balances	**18,021**	7,248
Market treasury bills having maturity of three months	**148,887**	173,501
	166,908	180,749

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
5. INVESTMENTS		----(Rupees in '000)----	
Financial assets at fair value through profit or loss - held for trading			
- Debt securities	5.1	**197,469**	242,839
Available-for-sale			
- Debt securities	5.2	**16,758**	18,552
		214,227	261,391

5.1 Debt Securities

Term finance / sukuk certificates	5.1.1	**48,582**	69,338
Government securities	5.1.2	**148,887**	173,501
		197,469	242,839

5.1.1 Term finance / sukuk certificates

Name of the Investee Company	Number of certificates				Profit / markup 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, 2013	Purchases during the period	Sales / redeemed during the period	As at December 31,2013						
						-----------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 (30-11-07)	25	-	-	25	6 months KIBOR + 1.55%	123	125	2	0.03	0.06
Worldcall Telecom Limited (07-10-08)	20,000	-	-	20,000	6 months KIBOR + 1.60%	25,634	19,559	(6,075)	4.14	9.13
Pace Pakistan Limited (15-02-08)	115	-	-	115	6 months KIBOR + 2.00%	60	-	(60)	-	-
Summit Bank Limited (27-10-11)	5,000	-	-	5,000	6 months KIBOR + 3.25%	24,388	22,202	(2,186)	4.70	10.36
						50,205	41,886	(8,319)		
Term finance / sukuk certificates - unlisted										
Al-Abbas Sugar Mills Limited (21-11-2007)	11,000	-	11,000	-	6 months KIBOR + 1.75%	-	-	-	-	-
JDW Sugar Mills Limited (23-06-08)	10,246	-	-	10,246	3 months KIBOR + 1.25%	5,680	5,679	(1)	1.20	2.65
Kohat Cement Company Limited (20-06-2007) - sukuks	4,000	-	-	4,000	3 months KIBOR + 1.50%	598	1,017	419	0.22	0.47
						6,278	6,696	418		
Total - December 31, 2013						56,483	48,582	(7,901)		
Total - June 30, 2013						75,286	69,338	(5,948)		

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 made provision for the amount of the investment 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 at December 31, 2013			Market value as a percentage of Net Assets	Market value as a percentage of investments
		Balance at July 1, 2013	Purchase during the period	Sales / matured during the period	Balance at December 31, 2013	Cost	Market value	Appreciation / (diminution)		
		------------------	Rupees in '000	------------------					%	%
Market treasury bills										
January 10, 2013	6 month	20,000	-	20,000	-	-	-	-	-	-
May 16, 2013	3 month	155,000	-	155,000	-	-	-	-	-	-
June 26, 2013	6 month	20,000	-	20,000	-	-	-	-	-	-
July 12, 2013	3 month	-	20,400	20,400	-	-	-	-	-	-
August 7, 2013	3 month	-	140,000	140,000	-	-	-	-	-	-
August 7, 2013	3 month	-	75,000	75,000	-	-	-	-	-	-
September 5, 2013	3 month	-	50,000	50,000	-	-	-	-	-	-
October 31, 2013	3 month	-	225,000	125,000	100,000	99,445	99,386	(59)	21.03	46.39
November 13, 2013	3 month	-	50,000	-	50,000	49,545	49,501	(44)	10.48	23.11
Total - December 31, 2013						**148,990**	**148,887**	**(103)**		
Total - June 30, 2013						**173,463**	**173,501**	**38**		

5.2 Available-for-sale -debt securities

Name of the Investee Company	Number of certificates / bonds: As at July 1, 2013	Purchases during the period	Sales / redeemed during the period	As at December 31,2013	Profit / markup rate	Cost	Market value at December 31, 2013	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 (01-11-07)	7,093	-	-	7,093	1 year KIBOR+2.5%	13,204	13,192	(12)	2.79	6.16
Al-Abbas Sugar Mills Limited (21-11-07)	600	-	600	-	6 months KIBOR + 1.75%	-	-	-	-	-
						13,204	13,192	(12)		
Sukuk bonds - unlisted										
New Allied Electronics Industries (Private) Limited face value Rs 312.50 each (25-07-07)	96,000	-	-	96,000	3 months KIBOR + 2.60%	30,000	-	(30,000)	-	-
Kohat Cement Company Limited (20-06-07)	2,763	-	-	2,763	3 months KIBOR + 1.50%	936	702	(234)	0.15	0.33
Maple Leaf Cement Factory Limited (03-12-07)	2,000	-	-	2,000	3 months KIBOR + 1.00%	8,479	2,864	(5,615)	0.61	1.34
						39,415	3,566	(35,849)		
						52,619	16,758	(35,861)		
Less: Impairment loss recognised in the income statement in current and prior periods (note 5.4)						35,849	-	35,849		
Total - December 31, 2013						16,770	16,758	(12)		
Total - June 30, 2013						18,107	18,552	445		

		Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
			------(Rupees in '000)------	
5.3	**Net unrealized appreciation / (diminution) on remeasurement of investments classified as 'available-for-sale' - net**			
	Market value of investments	5.2	**16,758**	18,552
	Less:			
	Cost of investments	5.2	**52,619**	54,577
	Impairment loss recognized	5.2	**(35,849)**	(36,470)
	Cost of investments - net		**16,770**	18,107
			(12)	445
	Less: Net unrealized appreciation / (diminution) in fair value of investments classified as available-for-sale at beginning of the year		**445**	(807)
			445	(807)
			(457)	1,252
5.4	**Movement in impairment loss**			
	Opening		**136,470**	136,161
	Add: charge for the period / year		**-**	1,204
	Less: reversal due to redemption of securities		**(621)**	(895)
			(621)	309
	Closing		**135,849**	136,470
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	**35,849**	36,470
			135,849	136,470
5.5	**Unrealized diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net**			
	Market value of securities	5.1 & 5.2	**197,469**	242,839
	Less: carrying value of securities	5.1 & 5.2	**205,473**	(248,749)
			(8,004)	(5,910)

		Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
6.	**LOAN AND RECEIVABLES**		----(Rupees in '000)----	
	Certificates of investments			
	Saudi Pak Leasing Company Limited	6.1	**2,763**	10,762
	Preference shares			
	Security Leasing Corporation Limited	6.2	**11,352**	11,352
			14,115	22,114

6.1 All monthly installments and upfront payment has been received in full as per agreed terms. The balance amount is receivable in the form of 425,000 shares of Pace Baraka Limited at an agreed value of Rs. 2.76 million.

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. As these preference shares has been delisted from the Karachi Stock Exchange 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

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. AKD Investment Management Limited (Management Company) classified AKD Aggressive Income Fund (the Fund) as 'Aggressive Fixed Income Scheme' in accordance with the said circular. As at December 31, 2013, the Fund is compliant with all the requirements of the said circular except for investment in preference shares of Security Leasing Corporation Limited.

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
7. PROFIT AND OTHER RECEIVABLES		----(Rupees in '000)----	
Profit / income receivable on:			
- term finance certificates and sukuk bonds		**9,305**	8,484
- Margin Trading System		**799**	735
- bank deposits		**216**	144
Receivable on conversion of units		**-**	25,790
		10,320	35,153

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
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)		**51**	177
- KSE Annual listing fee		**20**	-
- Rating fee		**98**	-
		3,019	3,027

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED – MANAGEMENT COMPANY			
Management fee	9.1	**603**	578
Sales tax payable		**112**	101
Federal Excise Duty on Management Remuneration	9.2	**631**	55
		1,346	734

9.1 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 period, the Management Company has charged remuneration at the rate of 1.50 percent per annum, of the average annual net assets of the Fund.

9.2 The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. However the MUFAP has filed a petition in the Sindh High Court (SHC) challenging the levy of FED on assets management services. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to retain and continue with the provision of

FED in this condensed interim financial information which aggregates to Rs. 0.63 million as at December 31, 2013. Had the said provision of FED not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Re. 0.065 per unit.

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	----(Rupees in '000)----	
10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
Trustee fee	**68**	66
CDS charges	**27**	19
	95	85

The remuneration is paid to the trustee monthly in arrears.

11. 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.

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
		----(Rupees in '000)----	
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for workers welfare fund	12.1	**3,095**	2,817
Auditors' remuneration		**170**	260
National Clearing Company Pakistan Limited charges		**81**	68
Withholding tax		**-**	5
Others		**804**	862
Brokerage		**1**	-
		4,151	4,012

12.1 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds 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 Collective Investment Schemes (CISs) through their trustees in the Honorable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 2011, a single judge of the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

However in 2013, the Larger Bench of SHC issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

As a matter of abundant prudence, management company has decided to continue and retain the provision for WWF amounting to Rs. 3.095 million (including Rs. 0.277 million for the current period) in these condensed interim financial statements. The net asset value of the fund as at Dec 31, 2013 would have been higher by Re. 0.32 per unit (0.65%), If the same were not recognised.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There were no contingencies as at December 31, 2013 and June 30, 2013.

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	------(Rupees in '000)------	
13.2 Commitments		
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions not settled as at period / year end	**11,817**	18,180
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions not settled as at period / year end	**26,478**	32,857

14. TAXATION

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

15. 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.

16. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include AKD Investment Management Limited, being the Management Company of the Fund, Central Depository Company of Pakistan Limited being the Trustee, Aqeel Karim Dhedhi Securities (Private) Limited, other collective schemes managed by the Management Company, AKD Investment Management Limited - Staff Provident Fund, directors and officers of the Management Company, unit holder's holding move them 10% of the units outstanding and entities having common directorship with the Management Company. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulation and the Trust Deed respectively

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

	(Unaudited)			
	Half year ended December 31, 2013	Half year ended December 31, 2012	Quarter ended December 31, 2013	Quarter ended December 31, 2012
16.1 Transactions during the period	(Rupees in '000)			
AKD Investment Management Limited - Management Company				
Purchase of units (2013: Nil ; 2012: 84,204)	**-**	4,000	**-**	-
Redemption of units (2013: 501,884 ; 2012 : 84,204)	**24,006**	4,033	**-**	-
Issue of Bonus units (2013: 28,929 ; 2012: Nil)	**1,372**	-	**-**	-
Management fee	**3,598**	3,262	**1,784**	1,626
Sales Tax and Federal Excise Duty on management	**1,244**	522	**617**	260
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of Trustee	**408**	370	**202**	185
AKD Investment Management Limited - Staff Provident Fund				
Purchase of units (2013: Nil ; 2012: 146,379)	**-**	6,864	**-**	-
Issue of Bonus units (2013: Nil ; 2012: 2,211)	**-**	104	**-**	-
Redemption of units (2013: Nil ; 2012 : 171,788)	**-**	8,207	**-**	-
Key Management Personnel and others				
Spouse - Chief Executive Officer				
Purchase of units (2013: Nil ; 2012: 8,529)	**-**	400	**-**	-
Redemption of units (2013: Nil ; 2012: 8,529)	**-**	405	**-**	-
Unit holder holding 10% or more of the units in issue				
Sindh Province Pension Fund				
Purchase of units (2013: Nil ; 2012: 943,079)	**-**	45,000	**-**	45,000
Issue of bonus units (2013: 57,684 ; 2012: Nil)	**2,735**	-	**-**	-
The Bank of Khyber				
Cash Dividend	**3,660**	7,025	**-**	-
National Bank of Pakistan Employees Pension Fund				
Issue of bonus units (2013: 354,906 ; 2012: 504,801)	**16,827**	23,839	**-**	-

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	----(Rupees in '000)----	
16.2 Amounts outstanding as at the period / year end		
AKD Investment Management Limited - Management Company		
Management fee payable	**603**	578
Sales Tax - Provinicial on Management Remuneration	**112**	101
Federal Excise Duty on Management Remuneration	**631**	55
Units held Nil (June 2013: 472,955 units)	**-**	23,795
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	**68**	66
CDS charges payable	**27**	19
Security deposit	**100**	100
AKD Cash Fund		
Receivable against conversion of units	**-**	25,790
Unit holder holding 10% or more of the units in issue		
Sindh Province Pension Fund		
Units held 1,000,763 (June 2013: 943,079 units)	**48,805**	47,448
The Bank of Khyber		
Units held 1,261,904 (June 2013: 1,261,904 units)	**61,540**	63,489
National Bank of Pakistan Employees Pension Fund		
Units held 6,157,270 (June 2013: 5,802,364 units)	**300,274**	291,929

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 21, 2014 by the Board of Directors of the Management Company.

18. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

AKD Investment
Management Ltd.

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