Funds Managed by:

AKD Investment Management Ltd.

Half Yearly Report
December 31, 2012
(Un-audited)

Half Yearly 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. M. Ramzan Sheikh (Chairman)
Mr. Aurangzeb Ali Naqvi (Member)
Mr. Muhammad Amin Hussain (Member)
Mr. Ali Qadir Gilani (Member)*
Mr. Muhammad Yaqoob (Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR & R)

Mr. Farrukh Shaukat Ansari (Chairman)
Mr. Imran Motiwala (Member)
Mr. Ali Qadir Gilani (Member)*

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)

*Subsequent to the period end, he has resigned from the Board, Audit Committee and HR & R Committee

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), AKD Cash Fund (AKDCF), AKD Opportunity Fund (AKDOF) and AKD Index Tracker Fund (AKDITF), is pleased to present its Half Yearly Report along with the Fund's accounts for the First Half Year ended December 31, 2012.

Macro Perspective

During 1HFY13, improved US - PAK ties led to much awaited disbursement of funds through Coalition Support Fund (CSF); Pakistan received $1.118 billion in Aug-12. This payment was received after a gap of 18 months; Pakistan had last received $633 million payment in Dec-10. Another payment of $688 million was received on December 28, 2012, which provided much needed respite to the depleting forex reserves.

Besides these adhoc payments, home remittances continued supporting the reserves at an appropriate level. However, foreign aid and donations stood at stalemate. During 1HFY13 remittances depicted a growth of 12.5% increasing to $7.116 billion as opposed to $6.325 billion received in the previous corresponding period. Foreign exchange reserves held by the State Bank of Pakistan (SBP) demonstrated a hefty fall of $1.7 billion to slate down to $9.009 billion during the first half of the current fiscal year primarily due to mounting debt re-payments. However, reserves held by banks registered some improvement as they surged by $364.4 million to $4.799 billion in Dec-12 against $4.434 billion in June-12.

Overall, a fall of $1.428 billion was witnessed in total liquid foreign reserves despite SBP's efforts to reduce foreign currency payments. It has already entered into two currency swap agreements with Turkey and China worth billion-dollar equivalent in each respective currency.

On the positive side CPI inflation averaged at 8.32% for the first half of the current fiscal year. It continued to show a downward trend till Nov-12 where the CPI stood at 6.9% (the lowest in the last five and a half years) however CPI picked up for the second successive month in Jan-13 clocking in at 8.1, while seven months average CPI stood at 8.3% YoY. We expect full-year FY13 CPI to average at around 8.6%YoY for the fiscal year 2013 assuming 1.2% MoM incremental increase. Risks to inflationary pressure remains in view of 1) increasing pressure on PkR/US$ parity, 2) loose fiscal policy (fiscal deficit of 2.8% in 1HFY13) 3) further possible slippages ahead of general elections and 4) an uptrend in Core (NFNE and trimmed mean) inflation.

SBP remained committed in playing its role on reviving our ailing economy capitalized on the declining inflation numbers and reduced the interest rates by 250 basis points in the first half of FY13 to stand at 9.5%. The basic purpose of the reduction of the discount rate was to boost private sector credit off-take in order to rejuvenate economic activity.

Equity Market

Declining interest rates, single digit CPI inflation numbers, higher global commodities, rising local cement prices and textile exports triggered KSE-100 to breach the all time high psychological barrier of 17,000 points in Dec-12. The index increased by 3,103.92 points during the period to close at 16,905.33 points witnessing a surge of 22.49% for the 1HFY2013. The index's average daily volumes for the period stood at 147.74 million shares a day. KSE was declared the 3rd exceptional performing market amongst its regional peers and held 9th position amid the global equity market for the calendar year 2012 where it posted an increase of 48%.

We feel proud to inform our valued unit holders that the AKD Opportunity Fund had been ranked 2nd in Asia out of nearly 7,300 funds only second after the Golden Arrow Selected

Stocks Fund Limited and had been ranked 6th in the world out of 27,153 funds by Thomson Reuters Lipper.

We congratulate all our stakeholders for the global recognition that AKD Opportunity Fund has achieved. This performance of AKD Opportunity Fund has only been possible because of the trust the unit holders have had in the Board of Directors, the Management Company, the commitment of our employees and true support from our Regulator and all other stakeholders.

Money Market Dynamics

SBP encouraged by pertinent improvement in inflation outlook reduced discount rate by cumulative 250 basis point during 1HFY13 bringing it down to 9.5 percent. SBP hoped that the reduction in discount rate would act as stimulant for private investment growth and credit off-take.

SBP auctioned T-bills, PIB and Sukuk bonds of various maturities worth Rs1.215 trillion in the 2QFY13, whereas, it mopped up Rs. 1,435 billion and Rs. 89 billion in the T-Bills and PIB auction in the 1QFY13 respectively. 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.

Plummet rupee against greenback was witnessed due to deteriorating reserves on account of principal repayments to IMF, falling interest rate and declining inflows in financial and capital account. Increasing external account had its toll on local currency as it weakened by 3.3% in 1HFY13.

Future Outlook

We do not expect a further reduction in the discount rate in the coming months. CPI inflation is expected to increase from current level although it would remain below 9.5%, hikes in utility tariffs, depreciating local currency, increasing pressures on the external and fiscal account as well as Pakistan's potential re-entry into the IMF program.

Based on historical performance, we expect the stock market to perform well as there is a strong positive co-relation between index performance and General Elections. The Government is likely to announce a series of populist measures which will focus on boosting economic activity in the short-term which will continue to bode well for the stock market.

Compared to regional markets the KSE-100 is trading at a PE of 7.95x P/E versus 14.69x P/E of the regional peers of based on forward earnings. Furthermore, the equity markets offer an attractive 2013 average dividend yield of 6.92% compared to the regional average of only 2.62% giving room for further upside potential. We advice investors to remain invested in the stock market.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: February 22, 2013

AKD Cash Fund
Financial Statements - First Half FY13

Contents

AKD Cash Fund

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

INTERNAL AUDITORS
Rafaqat Mansha Mohsin Dossani
Masoom & Co.
Chartered Accountants
Suite 113, 3rd floor, Hafeez Centre
KCHS, Block 7&8 Shahra-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
Faysal Bank Limited
Habib Metropolitan 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)

DISTRIBUTOR
AKD Investment Management Limited

RATING
AKD CASH FUND
JCR-VIS: AA+(F) [Double A Plus (F)]

FUND MANAGER'S REPORT

The NAV of the AKD Cash Fund (a money market scheme) appreciated by 10.16% annualized versus the benchmark return of 8.60%, thus outperforming the benchmark by 156 basis points.

Investment Strategy

AKD Cash fund aims to provide optimal returns consistent with minimal risk from portfolio constituted of high quality short term securities / instruments, which provide liquidity to investors. A product of low risk and consistent flow of income, the AKD Cash fund is suited for conservative investors with little tolerance for price volatility while ensuring liquidity, alongwith regular return in line with ongoing interest rates of AA and Government rated securities / instruments.

Economy

For the period under review, Pakistan received foreign inflows of USD 1.12bn in Aug-12 and USD688mn in Dec-12 under the Coalition Support Fund, plus with higher exports and record remittances; provided much needed respite to Pakistan's current account position. It is imperative to note however that despite these inflows, pressures on the external account continued and are expected to persist as major bilateral principal repayments of $1.6bn are due during the period of Feb-Jun 2013.

Furthermore, due to persistent current account pressures the local currency continued to face headwinds. Depleting foreign currency reserves on account of principal repayments to IMF, falling interest rates and scanty inflows in financial and capital accounts had all contributed towards Pak Rupee devaluation against greenback of 3.5% in the 1HFY13.

On the inflation front, CPI stood at 7.93% in Dec-12, after gradually receding to a low of 6.93% in Nov-12 since rebasing of the Inflation Index. Improved inflation outlook coupled with a determination to promote private investment pushed SBP to further reduce the policy rate to single digit. The State Bank of Pakistan cut the discount rate by a hefty 150 bps in the first quarter and another 100bps during the second quarter; a cumulative reduction of 250bps for the first half of the fiscal year.

Going forward, easing of oil prices in the international market, better export figures post ATP announced by the EU and higher sugar exports is expected to bode well for the external account position. However, this would partly be offset by stronger furnace oil imports as the Government gears up for lower load shedding in the coming days preceding the elections. Furthermore, we expect CPI inflation to remain under pressure as a consequence of higher food prices, upward revision in utility tariffs, upward revision of wheat support price and expected increase in CNG prices. Hence, maintaining interest rates at current levels could prove to be a very challenging task for the SBP.

Money Market Review

SBP auctioned T-bills, PIB and Sukuk bonds of various maturities worth Rs1.215 trillion in the 2QFY13. Whereas, SBP mopped up Rs. 1,435 billion and Rs. 89 billion in the T-Bills and PIB auction respectively during 1QFY13. The government also raised Rs90 billion through the sale of three-, five-, and 10-year PIBs in the 2QFY13. There were seven auctions of the treasury bills in October-December quarter.

During 1HFY13 State Bank of Pakistan reduced discount rate by 250 basis points to give boost to the crippling economy and prompt private sector credit off-take and investment growth.

Performance Review and Outlook

During the period ended December 31, 2012 the Fund scored an annualized return of 10.16% against a benchmark of 8.60% to close at Rs. 50.3796. The fund reported a profit of Rs.8.641 million. The Management Company in its efforts to encourage fund sales had waived off Management fee from 1.25% to 0% with prior approval of SECP till 31st December 2012. Subsequent to the period end the waiver of management fee from 1.25% to 0.00% has been extended till March 31, 2013 with the prior approval of the SECP.

We believe that the Fund is well positioned to provide better returns as compared to bank deposits along with tax benefit. We strongly recommend investors to maintain their short and medium-term liquidity in the AKD Cash Fund in order to avail decent returns at low risk. It is once again informed that the Management Company has extended the waiver of the Management Fee till March 31, 2013.

Interim Distribution

The Chief Executive Officer on behalf of Board of Directors of AKD Investment Management Limited (AKDIML) approved and declared following interim dividend payouts between 1st July 2012 to 31st December 2012.

From Date	To Date	Dividend per unit (Rupee)	Date of Announcement
01-July-2012	27-July-2012	0.33811	31-July-2012
28-July-2012	31-August-2012	0.67043	04-September-2012
01-September-2012	28-September-2012	0.32475	02-October-2012
29-September-2012	25-October-2012	0.41178	31-October-2012
26-October-2012	30-November-2012	0.38330	04-December-2012

Subsequent to December 31, 2012 fund also announced following interim dividend payouts upto February 22, 2013.

From Date	To Date	Dividend per unit (Rupee)	Date of Announcement
01-December-2012	28-December-2012	0.33314	01-January-2013
29-December-2012	24-January-2013	0.31253	29-January-2013

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 Cash 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, 2012 in accordance with the provisions of the following:

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

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

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

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

Karachi, February 27, 2013

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 CASH FUND** as at December 31, 2012, 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, 2012. 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 for the quarter ended December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

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, 2012 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 22, 2013

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2012

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
		---- (Rupees in '000)-----	
ASSETS			
Bank balances	4	**3,802**	8,437
Investments	5	**242,253**	94,364
Profit receivable on bank deposit		**71**	83
Prepayments		**16**	72
Preliminary expenses and floatation costs	6	**912**	1,025
Total assets		**247,054**	103,981
LIABILITIES			
Payable to Management Company	7	**1,125**	1,125
Payable to Trustee		**38**	15
Payable to Securities and Exchange Commission of Pakistan		**65**	32
Accrued expenses and other liabilities	8	**524**	342
Total liabilities		**1,752**	1,514
NET ASSETS		**245,302**	102,467
UNIT HOLDERS' FUND (as per statement attached)		**245,302**	102,467
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
Number of units in issue		**4,869,071**	2,029,335
		(Rupees)	
Net asset value per unit		**50.3796**	50.4929

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

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Note	Half year ended December 31, 2012	Quarter ended December 31, 2012
		----(Rupees in '000)----	
INCOME			
Income / profit on :			
- government securities		**8,368**	5,486
- bank deposits		**422**	186
Capital gain on sale of investment		**24**	13
		8,814	5,685
Unrealized appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**93**	63
Total income		**8,907**	5,748
EXPENSES			
Remuneration of Trustee		**147**	101
Annual fee - Securities and Exchange Commission of Pakistan		**65**	44
Auditors' remuneration		**106**	53
Settlement and bank charges		**18**	13
Amortization of preliminary expenses and floatation costs	6	**113**	57
Security transaction cost		**8**	8
Fees and subscription		**15**	7
Legal and professional		**70**	35
Printing and related costs		**77**	39
Workers' Welfare Fund	8.1	**176**	110
Total expenses		**795**	467
Net income from operating activities		**8,112**	5,281
Element of income and capital gains included in prices of units issued less those in units redeemed		**529**	136
Net income for the period before taxation		**8,641**	5,417
Taxation	10	**-**	-
Net income for the period after taxation		**8,641**	5,417
Other comprehensive income for the period		**-**	**-**
Total comprehensive income for the period		**8,641**	**5,417**
Earnings per unit - basic and diluted	11		

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

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Half year ended December 31, 2012	Quarter ended December 31, 2012
	----(Rupees in '000)----	
Undistributed income brought forward		
- Realised income	**1,011**	1,033
- Unrealised (loss) / income	**(11)**	30
	1,000	1,063
Final distribution for the year ended June 30, 2012		
- Re. 0.49 per unit on July 09, 2012		
- Cash distribution	**-**	-
- Issue of 20,001 bonus units @ Rs. 50 per unit	**(1,000)**	-
Interim distribution:		
- Re. 0.34 per unit on July 31, 2012		
- Cash distribution	**-**	-
- Issue of 13,574 bonus units @ Rs. 50 per unit	**(679)**	-
Interim distribution:		
- Re. 0.67 per unit on September 4, 2012		
- Cash distribution	**(1)**	-
- Issue of 29,625 bonus units @ Rs. 50 per unit	**(1,481)**	-
Interim distribution:		
- Re. 0.32 per unit on October 2, 2012		
- Cash distribution	**-**	-
- Issue of 19,732 bonus units @ Rs. 50 per unit	**(987)**	(987)
Interim distribution:		
- Re. 0.41 per unit on October 31, 2012		
- Cash distribution	**-**	-
- Issue of 35,240 bonus units @ Rs. 50 per unit	**(1,762)**	(1,762)
Interim distribution:		
- Re. 0.38 per unit on December 4, 2012		
- Cash distribution	**-**	-
- Issue of 37,663 bonus units @ Rs. 50 per unit	**(1,883)**	(1,883)
Net income for the period after taxation	**8,641**	5,417
Undistributed profits carried forward	**1,848**	1,848
Realized income	**1,755**	1,755
Unrealized income	**93**	93
	1,848	1,848

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

For AKD Investment Management Limited
(Management Comapany)

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

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Half year ended December 31, 2012	Quarter ended December 31, 2012
	----(Rupees in '000)----	
Net assets at beginning of the period	**102,467**	152,988
Issue of 4,228,523 units	**212,320**	129,763
Redemption of 1,544,622 units	**(77,596)**	(42,730)
	134,724	87,033
Issue of bonus 155,835 units	**7,792**	4,632
Element of income and capital gains included in prices of units issued less those in units redeemed		
- amount representing income and capital gains - transferred to Income Statement	**(529)**	(136)
Other net income for the period	**8,524**	5,341
Capital gain on sale of investments	**24**	13
Unrealized appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	**93**	63
Final distribution for the year ended June 30, 2012		
- Re. 0.49 per unit on July 09, 2012		
- Cash distribution	**-**	-
- Issue of 20,001 bonus units @ Rs. 50 per unit	**(1,000)**	-
Interim distribution:		
- Re. 0.34 per unit on July 31, 2012		
- Cash distribution	**-**	-
- Issue of 13,574 bonus units @ Rs. 50 per unit	**(679)**	-
Interim distribution:		
- Re. 0.67 per unit on September 4, 2012		
- Cash distribution	**(1)**	-
- Issue of 29,625 bonus units @ Rs. 50 per unit	**(1,481)**	-
Interim distribution:		
- Re. 0.32 per unit on October 2, 2012		
- Cash distribution	**-**	-
- Issue of 19,732 bonus units @ Rs. 50 per unit	**(987)**	(987)
Interim distribution:		
- Re. 0.41 per unit on October 31, 2012		
- Cash distribution	**-**	-
- Issue of 35,240 bonus units @ Rs. 50 per unit	**(1,762)**	(1,762)
Interim distribution:		
- Re. 0.38 per unit on December 4, 2012		
- Cash distribution	**-**	-
- Issue of 37,663 bonus units @ Rs. 50 per unit	**(1,883)**	(1,883)
	848	785
Net assets at end of the period	**245,302**	245,302

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

For AKD Investment Management Limited
(Management Comapany)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Note	Half year ended December 31, 2012	Quarter ended December 31, 2012
		----(Rupees in '000)----	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period before taxation		**8,641**	5,417
Adjustments for non-cash and other items			
Unrealized appreciation on re-measurment of investments classified as 'financial assets at fair value through profit or loss' - net		**(93)**	(63)
Capital gain on sale of investments		**(24)**	(13)
Element of income and capital gains included in prices of units issued less those in units redeemed		**(529)**	(136)
Amortization of preliminary expenses and floatation costs		**113**	57
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**147**	101
		8,255	5,363
(Increase) / decrease in assets			
Investments		**(92,431)**	(79,918)
Profit receivable on bank deposit		**12**	897
Prepayments		**56**	43
		(92,363)	(78,978)
Increase in liabilities			
Payable to Securities and Exchange Commission of Pakistan		**33**	44
Accrued expenses and other liabilities		**182**	32
		215	76
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		**(124)**	(81)
Net cash used in operating activities		**(84,017)**	(73,620)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts against issuance / redemptions of units - net		**134,724**	87,033
Dividend paid		**(1)**	-
Net cash generated from financing activities		**134,723**	87,033
Net increase in cash and cash equivalents during the period		**50,706**	13,413
Cash and cash equivalents at beginning of the period		**102,801**	140,094
Cash and cash equivalents at end of the period	4.2	**153,507**	153,507

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

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Cash Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorized constitution of the Trust Deed on August 15, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Initial Public Offering (IPO) of the Fund was made during the period from January 19, 2012 to January 20, 2012 and the Fund commenced operations from January 21, 2012. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e January 19, 2012.

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.

JCR-VIS Credit Rating Company Limited has assigned a management quality rating of AM3- to the Management Company and fund stability rating of AA+ to the Fund dated March 29, 2012 and April 11, 2012 respectively.

The Fund has been categorized as a Money Market Fund as per criteria laid down by SECP for categorization of Collective Investment Scheme (CIS). The principal activity of the Fund is to make investments in government securities, treasury bills, cash and near cash instruments, money market placements, deposits, certificate of deposits (COD), certificate of musharika (COM), commercial paper and reverse repo transactions. Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

Since these are the first reviewed financial information therefore , the comparative figures in the condensed interim statement of income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement are not presented.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved International Accounting Standard as applicable in Pakistan, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board as are notified by the Companies Ordinance,1984 , the requirements of 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). Where the requirements Trust Deed, NBFC Rules

,NBFC Regulations directives issued by SECP, Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the 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 period from January 19, 2012 to June 30, 2012. Compartive information for 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 quarter ended December 31, 2012 are unaudited and have been included to facilitate comparison.

2.3 This 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 interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the period from January 19, 2012 to June 30, 2012.

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
		----- (Rupees in '000)-----	
4. BANK BALANCES			
In savings accounts	4.1	**3,792**	8,427
In current accounts		**10**	10
		3,802	8,437

4.1 These carry mark up at the rates ranging from 6% to 10.5% (June 2012: 5% to 11.4%)

4.2 Cash and cash equivalents

	Note	December 31, 2012	June 30, 2012
Bank balances	4	**3,802**	8,437
Market Treasury Bills having maturity of three months	5	**149,705**	94,364
		153,507	102,801

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
5. INVESTMENTS		---- (Rupees in '000)-----	
Financial assets at fair value through profit or loss - held for trading			
- Government securities	5.1	**242,253**	94,364

5.1 Government securities

Issue date	Tenor	Face Value				Balance at December 31, 2012			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 1, 2012	Purchase during the period	Sold / matured during the period	At December 31, 2012	Cost	Market value	Appreciation / (Diminution)		
		---------- Rupees in '000 ----------								
Market Treasury Bills										
September 8, 2011	12 Months	75,000	-	75,000	-	-	-	-	-	-
January 26, 2012	6 Months	8,200	-	8,200	-	-	-	-	-	-
May 17, 2012	3 Months	13,000	-	13,000	-	-	-	-	-	-
October 6, 2011	12M-T Bills	-	5,000	5,000	-	-	-	-	-	-
November 3, 2011	12M-T Bills	-	25,000	25,000	-	-	-	-	-	-
December 1, 2011	12M-T Bills	-	63,500	63,500	-	-	-	-	-	-
December 1, 2011	12M-T Bills	-	29,500	29,500	-	-	-	-	-	-
May 17, 2012	6M-T Bills	-	7,500	7,500	-	-	-	-	-	-
June 14, 2012	3M-T Bills	-	54,000	54,000	-	-	-	-	-	-
June 14, 2012	3M-T Bills	-	21,000	21,000	-	-	-	-	-	-
July 26, 2012	3M-T Bills	-	8,200	8,200	-	-	-	-	-	-
August 23, 2012	3M-T Bills	-	25,000	25,000	-	-	-	-	-	-
October 4, 2012	3M-T Bills	-	10,000	10,000	-	-	-	-	-	-
January 26, 2012	12M-T Bills	-	7,500	-	7,500	7,457	7,458	1	3%	3%
January 26, 2012	12M-T Bills	-	25,500	-	25,500	25,355	25,359	4	10%	11%
November 29, 2012	3M-T Bills	-	15,000	-	15,000	14,810	14,814	4	6%	6%
November 15, 2012	3M-T Bills	-	40,000	-	40,000	39,634	39,640	6	16%	16%
October 18, 2012	6M-T Bills	-	10,000	-	10,000	9,730	9,740	10	4%	4%
August 9, 2012	6M-T Bills	-	13,000	-	13,000	12,857	12,883	26	5%	5%
October 4, 2012	6M-T Bills	-	15,000	-	15,000	14,665	14,660	(5)	6%	6%
November 1, 2012	6M-T Bills	-	25,000	-	25,000	24,280	24,266	(14)	10%	10%
October 4, 2012	6M-T Bills	-	44,900	-	44,900	43,831	43,882	51	18%	18%
August 9, 2012	6M-T Bills	-	50,000	-	50,000	49,541	49,551	10	20%	21%
Total - December 31, 2012					**245,900**	**242,160**	**242,253**	**93**		
Total - June 30, 2012					**96,200**	**94,375**	**94,364**	**(11)**		

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
		---- (Rupees in '000)-----	

6. PRELIMINARY EXPENSES AND FLOATATION COSTS

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
Preliminary expenses and floatation costs incurred	6.1	**1,025**	1,125
Less: amortized during the period		**(113)**	(100)
		912	1,025

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortized over a period of five years commencing from January 21, 2012.

7. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMANT COMPANY

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
Management fees	7.1	**-**	-
Preliminary expenses and floatation costs		**1,125**	1,125
		1,125	1,125

7.1 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. However, the Management Company with the prior approval of the Securities and Exchange Commission of Pakistan (SECP) vide letter No. SCD/AMCW/AKDCF/279/2012 dated October 21, 2012 reduced management fee from 1.25% (mentioned in offering document) to 0% (Zero) for the period from January 21, 2012 till December 31, 2012

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
		---- (Rupees in '000)-----	
Auditors' remuneration		**106**	170
Brokerage		**-**	5
Provision for workers' welfare fund	8.1	**266**	90
Other		**152**	77
		524	342

8.1 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010, the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Last year, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh the matter and as a matter of abundant caution continues to provide for WWF in these financial statements. The Scheme has made provisions against Workers' Welfare Fund liability to the tune of Rs 0.266 million, if the same were not made, the NAV per unit / return would have been higher by Re.0.05 per unit (0.10%) and net income for the period would have been higher by Rs. 0.18 million.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2012 and June 30, 2012.

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

11. 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.

12. 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 and entities having common directorship with the Management Company. The transactions with connected persons are in the normal course of business.

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

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

12.1 Transactions during the period	Half year ended December 31, 2012	Quarter ended December 31, 2012
	---- (Rupees in '000)-----	
AKD Investment Management Limited - Management Company		
Purchase of 87,424 units	**4,383**	2,500
Issue of bonus 537 units	**27**	27
Redemption of 71,393 units	**3,587**	1,700
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	**147**	101
Payment to Trustee	**124**	81
AKD Investment Management Limited - Staff Provident Fund		
Purchase of 119,548 units	**6,015**	5,345
Issue of bonus 2,281 units	**114**	48
Redemption of 185,718 units	**9,319**	4,900

12.2 Amounts outstanding as at period end	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	---- (Rupees in '000)-----	
AKD Investment Management Limited - Management Company		
Preliminary expenses and floatation costs	**1,125**	1,125
Units held 16,568 (June 2012: nil)	**835**	-
AKD Investment Management Limited - Staff Provident Fund		
9,747 Units held (June 2012: 73,636 units)	**491**	3,718
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	**38**	15

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 22, 2013 by the Board of Directors of the Management Company.

14. GENERAL

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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