Funds Managed by:

# AKD Investment Management Ltd.

## 3rd Quarter Report
## March 31, 2012
## (Un-audited)

# Quarterly report

AKD AGGRESSIVE INCOME FUND

AKD CASH FUND

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

**Partner with AKD Profit from the Experience**

AKD Investment Management Ltd.

# TABLE OF CONTENTS

03 Corporate Information
04 Vision
05 Mission Statement
06 Report of the Directors of the Management Company
09 AKD Aggressive Income Fund - Finanical Statements Third Quarter FY12
30 AKD Cash Fund - Financial Statements Third Quarter FY12
49 AKD Opportunity Fund - Financial Statements Third Quarter FY12
69 AKD Index Tracker Fund - Financial Statements Third Quarter FY12

# 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

**Cheif Executive Officer**
Mr. Imran Motiwala

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

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Munir Abdullah

**COMPANY SECRETARY OF THE MANAGEMENT COMPANY**

Mr. Muhammad Yaqoob

**AUDIT COMMITTEE**

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

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

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

# *Vision*

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

# *Mission Statement*

*AKD Fund shall continuously strive to:*

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

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of **AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF)** and **AKD Opportunity Fund (AKDOF),** is pleased to present its Quarterly report along with the Fund's accounts for the nine month period ended March 31, 2012.

**AKD Index Tracker Fund (AKDITF)**

The NAV of AKDITF registered a rise of 8% to reach PkR9.31/unit for 9 MFY 2012 period ended March 31, 2012. The Fund ended the period with a profit of PkR8.403 million against a loss of PkR14.839 million subsequent period last year.

**AKD Cash Fund (AKDCF)**

AKD Investment Management Limited the Management Company in the 3QFY-12 launched AKD Cash Fund broadening its product range. 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, along with a regular return in line with on-going interest rates of AA and Government rated securities / instruments.

The NAV per unit of AKDCF as at March 31, 2012 was PkR50.5866 compared to PkR50.000 as on January 20, 2012. During the period the fund announced bonus units to AKD Cash Fund unit holders on a monthly basis. Net Assets of AKDCF as of March31, 2012 were PkR103 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 the SECP till 30th June 2012.

**AKD Aggressive Income Fund (AKDAIF)**

AKD Aggressive Income Fund (formerly AKD Income Fund) marked its 9MFY ended March 31, 2012 with an annualized return of 11.98% against KIBOR benchmark of 13.27%, hence underperform by 1.29% at a closing NAV of PkR 51.05504. Net Assets of AKDAIF as at March 31, 2012 were PkR443.015 million versus PkR413.691 million as at June 30, 2011. Net Income of AKDAIF for the nine month period ending March 31, 2012 was PkR34.152 million against 22.406 million in corresponding period last year. Including unrealized appreciation of investments and realized capital gains, total comprehensive income of AKDAIF was PkR36.763 million in 9MFY12 versus PkR24.710 million in 9MFY11. During this period Investment Portfolio showed income of PkR43.576 million versus PkR41.563 million during corresponding period last year. The difference of approximately PkR2.013 million can be attributed to higher income generated from Margin Trading System and income from Government Securities. The total amount of net investment as at March 31, 2012 was PkR264.845 million versus PkR342.348 million as at June 30, 2011.

**AKD Opportunity Fund (AKDOF)**

The Net Asset Value (NAV) of AKDOF was PkR38.37 as at March 31, 2012 versus PkR31.01 as at June 30, 2011. The Fund size in terms of Net Assets rose to PkR522.127 million as at end March 31, 2012 versus PkR458.984 million as at June 30, 2011. For the nine month period ended March 31, 2012 AKDOF had a profit of PkR100.118 million versus a loss of PkR27.443 million in the corresponding period last year. During the period gain from marketable securities increased by 0.73%, dividend income surged by 10.27% and net unrealized appreciation on re measurement of investment at fair value through profit increased by 9.59%. Fund operating expenses decreased by 13.02%. The fund during the quarter posted a return of 38.70% versus the benchmark KSE-100 Index return of 21.27% thus significantly outperforming the benchmark.

**Macro Perspective**

The period July 2011 - Mar 2012 has seen a further entrenchment of economic trends, while inflationary pressures have continued to ease the fiscal position has gradually worsened on the back of unprecedented government borrowing. CPI growth averaged a low 10.65% YoY in the period, which makes it all the more likely that inflation in FY12 will hover at around 11.00% only. However, there are still quite a few inflationary threats on the horizon, amongst which are the government's ever growing appetite for credit, SBP's liquidity injections for the purpose of the system's financial stability and an imminent increase in energy prices.

As the country continues to struggle with a power crisis, which has already frustrated the industrial sector hurting exports in the process and bound to eventually fuel inflation. This will impact prices at home as well as hurt exports, which in turn means dampened foreign exchange earnings. At the same time, it will limit the already limited foreign direct investment which is much needed for the country to create both economic activity and employment.

However, going into election year it is unlikely that the government with its coalition partners be able to implement material reforms while the lingering problem will further antagonize the current crisis. Public sector enterprises continue to receive time to time government bailouts a technical short term solution, which will again be replenished through borrowing and arbitrary taxation measures. In fact, the government has already emphasized that the forthcoming budget would be "people friendly" causing more concern on the future economic outlook.

On the political front, the standoff between the executive and armed forces has somewhat shifted priorities away from the economy to the courts. Political stability is unlikely in the short-term has key decisions regarding the implementation of the NRO verdict including reopening proceedings against the President in a Swiss based case and the Memo-Gate scandal where the former Pakistan Ambassador has been accused of brokering US support on behalf of the President against an imminent coup. Time to time meetings between the President and Prime Minister with the Chief of Army Staff has readily been seen as thawing of relations and probable stability. However, these relations between the government and the army are increasingly based on mistrust – initially created by the discovery of Osama bin Laden in Pakistan and later exacerbated by the Memogate scandal, which led to the prime minister accusing the military leadership of conspiring against his government.

On the external front, while Pakistan's relations with its immediate neighbours, including India, continue to improve, there seems to be a shift in its relationship with the United States, its biggest ally and source of external funds. More importantly improved relations here would come in the form of successfully concluding new rules of engagement with the US and the re-opening of NATO routes.

Overall, the internal security situation in Pakistan will remain uncertain with the military operation continuing in the tribal areas and the insurgency gaining ground in the Balochistan province. While the US seeks to withdraw its troops entirely from Afghanistan, pressure is expected to remain on Pakistan's armed forces and the government to do more against alleged safe havens in the country.

Foreign exchange reserves have already declined by USD 1.74bn in the first nine months of the fiscal year on the back of deficit in the current account and financial account's inability to support it. In the fourth quarter of FY12, the government was hoping to improve the external position through CSF receipts, and one time receipts from privatization of publicly owned listed organizations. One off receipts from mobile (3G) license auction is likely to get postponed till FY13. Nevertheless, reserves are expected to continue declining as the current account deficit is expected to reach 2.1% of GDP by the end of FY12.

On the other hand, the fiscal position is not any better, and the central bank expects it to have already deteriorated to 4.3% of GDP in the first nine months. Given that the government still has to pay around USD 590m to the IMF, fiscal operations are usually worse in the last quarter of the fiscal year, and that general elections are fast approaching, it is more than likely the fiscal deficit slip to 5.8% of GDP.

**Equity Market Dynamics**

The KSE-100 Index started the quarter at 11,348 and ended the quarter at 13,762, showing a positive return of 21.27%. The announcement by the Finance Minister during the quarter approving key proposals by the Securities and Exchange Commission of Pakistan to revamping the process of Capital Gains Tax was welcomed and cheered by stock investors. Better stock prices on much stronger volumes since the financial fiasco of 2008-09 in contrast to a dead beat market for most of the preceding few years was indeed needed to revive investor interest. High for the quarter was 13,762 and low was 10,909 i.e. a range of 2,853 points or about 26% between the high & low.

**Money Market Dynamics**

The money market continues to remain illiquid and the Government continues to borrow from the banking system through treasury bills. We expect that SBP would continue to maintain the discount rate based on the premise that although the CPI supports for a further rate cut, however other deteriorating economic numbers would restrict the SBP from a rate cut.

For and on behalf of the Board

**Imran Motiwala**
Chief Executive Officer

Karachi: April 30, 2012

# AKD Index Tracker Fund
## Financial Statements - Third Quarter FY 12

## Contents


70 Fund Information

71 Fund Manager’s Report

72 Condensed Interim Statement of Assets and Liabilities

73 Condensed Interim Income Statement

74 Condensed Interim Statement of Comprehensive Income

75 Condensed Interim Distribution Statement

76 Condensed Interim Statement of Movement in Unit Holders’ Fund

77 Condensed Interim Cash Flow Statement

78 Notes to the Condensed Interim Financial Informaiton

# AKD Index Tracker 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**
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Metropolitan Bank Limited
KASB Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited

**AUDITORS**
KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road, Karachi.

**LEGAL ADVISER**
Sattar & Sattar
Attorneys -at -law
3rd Floor, UBL Building,
1.1 Chundrigar Road,
Karachi

**REGISTRAR**
Gangjees Registrar Services (Pvt.) Ltd.
516, Clifton Centre,
Khayaban-e-Roomi,
Kehkashan, Block-5, Clifton, Karachi.
Tel: 35375714 - 35836920.

**DISTRIBUTORS**
AKD Investment Management Limited
BMA Capital Management Limited
IGI Investment Bank Limited
The Bank of Punjab
Alfalah Securities (Private) Limited
Reliance Financial Products (Private) Limited
Bulls & Bulls (Private) Limited

**RATING**
Asset Management Company
JCR-VIS: AM3- (AM Three Minus)

# FUND MANAGER'S REPORT

AKD Index Tracker Fund posted a return of 7.89% versus KSE - 100 Index of 10.13% in 9MFY 2012. The fund tracked the index in line within the prescribed limits as mentioned in the constitutive documents. The focus of investment committee is to minimize the tracking error of the fund and maintains low levels of cash.

AKDITF provides an opportunity to tap the return offered by the broader equity market. Advantages of the AKD Index Tracker Fund include low costs and negligible fund management risk. Given the attractive valuations of the KSE - 100 Index with forward price to earnings of 7x, price to book of 1.5 and dividend yield of 7.5%, the investment committee believes investors' interest in Pakistani equities should remain upbeat.

**Economic Overview**

The Economic outlook remains "fragile", with domestic debt crossing Rs. 7.0 trillion mark, fiscal deficit at Rs. 532 bn for 1 HFY 12, budgetary borrowing from banks at PKR 914 bn, surge in the Trade deficit to USD 14.6 bn coupled with Government's plan to borrow additional Rs. 1 trillion from the Commercial banks to meet expenditure. Total repayments to IMF till the year end of $510 million approximately; will further hamper the economy in both short and long term and squeeze liquidity. Energy and gas shortages continue to injure the manufacturing sector and hamper their efforts to increase the production and exports resulting in subdued investment in the manufacturing sector. Hike in domestic oil prices on a regular basis has created uncertainty among business circles and keeping CPI inflation in double digits at 10.79% for the first half of fiscal year 2012. Positives on the other hand include support from Iran to offer oil to Pakistan on concessionary terms along with barter arrangements. Tax collection (Rs. 1,122 bn) on the fiscal side increased by 28% YoY basis and has provided some respite. With respect to IP gas pipeline project, sanctions imposed on Iran resulting in China to stop its support to Pakistan financially to complete IP gas project and later Russian Government's assurance to Pakistan with regards to assistance with the project have resulted in a delay. Government estimates raising $850 mn from the sale of 3G licenses (auction to be completed in the month of March has been delayed), $800 mn from Etisalat over the sale of PTCL and a receipt of $800 mn from the Coalition Support Fund to finance its deficits.

We anticipate the Central bank to keep the discount rate unchanged for the current fiscal, although there has been a decline in CPI inflation which has remained below the discount rate, however CPI inflations persistence to remain in double digits and weakening of other economic numbers would restrict the SBP to further decrease the discount rate.

**Political update**

Pakistan's political situation remains volatile with the Memo gate scandal and the NRO cases coming to center stage. Unexpected developments in both cases including permission granted to leave the country to former ambassador Haqqani and contempt charges against the PM for non compliance of the Supreme Court's order to implement proceedings against NRO beneficiaries with particular reference to Swiss cases related to the President has further antagonized the situation of late.

In fact, it seems that the contempt proceedings against the PM are benchmarked to the President's "head of state" immunity, which remains really the only argument for the government's defense council.

Tensions between the armed forces and the Government that were created due to the Memo Gate scandal seemed to ease subsequent to meetings between the Prime Minister, Chief of Army staff and DG ISI.

On the international front relations continue to remain sour between Pakistan and US subsequent to an attack by the ISAF forces on a Pakistani check post bordering Afghanistan. NATO supplies though land routes still are not allowed. The issue has been discussed at length and subsequently the Parliament has agreed to the restoration and just allowed foods items to be transported in the initial stage.

The political scenario is expected to remain volatile as the general elections near, the judiciary will probably add to this as it is scheduled to announce its verdict on the NRO's implementation in while the PM remains adamant on drafting to the Swiss courts to re open cases against the President.

**Outlook**

Fund continues to track KSE-100 Index. Moving forward implementation of the revamped Capital Gains Tax regime, politically motivated "people friendly" budget, ease of relations between the United States and Pakistan and improved ties with India is expected to set the stage for a rally.

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

## AS AT MARCH 31, 2012

| | Note | Unaudited March 31 2012 | Audited June 30 2011 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **ASSETS** | | | |
| Bank balances | 6 | **987** | 3,893 |
| Investments | 7 | **187,403** | 184,373 |
| Dividend and other receivable | | **4,065** | 1,187 |
| Security deposits | | **2,600** | 2,600 |
| Conversion cost | | **111** | 448 |
| **Total Assets** | | **195,166** | 192,501 |
| **LIABILITIES** | | | |
| Payable to the AKD Investment Management Limited - Management Company of the Fund | 10.2 | **142** | 113 |
| Remuneration payable to the Central Depository Company of Pakistan Limited - Trustee of the Fund | 10.2 | **59** | 58 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | | **128** | 164 |
| Payable against purchase of investments | | **15** | - |
| Payable against redemption of units | | **-** | 20 |
| Workers' welfare fund payable | 8 | **743** | 571 |
| Accrued expenses and other liabilities | | **234** | 287 |
| Unclaimed dividend | | **622** | 622 |
| **Total Liabilities** | | **1,943** | 1,835 |
| **NET ASSETS** | | **193,223** | 190,666 |
| **Unit holders' fund** | | **193,223** | 190,666 |
| | | .......Number of Units....... | |
| **Number of units in issue** | | **20,757,800** | 22,105,300 |
| | | ..........(Rupees)........ | |
| **Net assets value per unit (face value per unit Rs. 10/-)** | | **9.31** | 8.63 |

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

**Imran Motiwala**
Chief Executive Officer

**Nadeem Saulat Siddiqui**
Director

# CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

## FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

| | Note | Nine months ended March 31, 2012 | Nine months ended March 31, 2011 | Quarter ended March 31, 2012 | Quarter ended March 31, 2011 |
|---|---|---|---|---|---|
| | | --------(Rupees in '000)-------- | | | |
| **INCOME** | | | | | |
| Gain / (loss) from disposal of marketable securities - net | | **4,399** | 2,381 | **4,246** | 1,409 |
| Dividend income | | **9,797** | 7,265 | **4,847** | 3,544 |
| Markup on bank deposit accounts | | **246** | 145 | **103** | 26 |
| Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed-net | | **3,238** | (9,776) | **4,137** | 2,871 |
| Impairment loss on securities classified as 'available for sale' | 7.3 | **(6,406)** | (12,304) | **(225)** | (3,032) |
| | | **11,274** | (12,289) | **13,108** | 4,818 |
| **EXPENSES** | | | | | |
| Remuneration to the AKD Investment Management Limited - Management Company of the Fund | | **1,007** | 961 | **345** | 336 |
| Remuneration to the Central Depository Company of Pakistan Limited - Trustee of the Fund | | **526** | 525 | **174** | 172 |
| Annual fee to the Securities and Exchange Commission of Pakistan | | **128** | 122 | **44** | 43 |
| Auditors' remuneration | | **196** | 200 | **70** | 60 |
| Amortisation of conversion cost | | **339** | 338 | **112** | 111 |
| Workers' welfare fund | 8 | **171** | - | **171** | - |
| Others | 11.2 | **504** | 404 | **141** | 74 |
| | | **2,871** | 2,550 | **1,057** | 796 |
| **Net income / (loss) for the period carried forward to comprehansive income statement** | | **8,403** | (14,839) | **12,051** | 4,022 |

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

**Imran Motiwala**
Chief Executive Officer

**Nadeem Saulat Siddiqui**
Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

## FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

| | Nine months ended March 31, | | Quarter ended March 31, | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | (Rupees in '000) | | | |
| Net income / (loss) for the period | **8,403** | (14,839) | **12,051** | 4,022 |
| **Other comprehensive income for the period** | | | | |
| Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net - amount representing unrealised capital gain / (loss) transferred directly to distribution statement | **(4,191)** | (795) | **(4,580)** | (1,823) |
| Net Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale investments' | **8,025** | 24,526 | **29,816** | (6,410) |
| (Appreciation) / Diminution in fair value of 'available for sale' investment transferred to profit and loss account on sale | **(4,464)** | (1,531) | **(4,076)** | (1,332) |
| Impairment loss for the period | **6,406** | 12,304 | **225** | 3,032 |
| | **5,776** | 34,504 | **21,385** | (6,533) |
| **Total comprehensive income / (loss) for the period** | **14,179** | 19,665 | **33,436** | (2,511) |

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

**Imran Motiwala**
Chief Executive Officer

**Nadeem Saulat Siddiqui**
Director

# CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

## FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

| | Nine months ended March 31, | | Quarter ended March 31, | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | ------------------(Rupees in '000)------------------ | | | |
| **Deficit at beginning of the period** | **(81,506)** | (38,598) | **(84,765)** | (82,378) |
| Bonus units issued for the year ended 30 June 2010 @ Rs. 1.40 per unit distributed on 09 July 2010 | **-** | (25,947) | **-** | - |
| Element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed - amount representing unrealised capital gains / (loss) transferred directly to distribution statement | **(4,191)** | (795) | **(4,580)** | (1,823) |
| Net income / (loss) for the period | **8,403** | (14,839) | **12,051** | 4,022 |
| | **4,212** | (41,581) | **7,471** | 2,199 |
| **Deficit at end of the period** | **(77,294)** | (80,179) | **(77,294)** | (80,179) |

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

**Imran Motiwala**
Chief Executive Officer

**Nadeem Saulat Siddiqui**
Director

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

## FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

| | Nine months ended March 31, | | Quarter ended March 31, | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | --------------------(Rupees in '000)-------------------- | | | |
| **Net assets at beginning of the period** | **190,666** | 153,511 | **174,779** | 185,563 |
| Amount received on issue of 1,639,664 units (2011: 5,060,947 units) | **12,990** | 9,761 | **3,056** | 231 |
| Amount paid on redemption of 2,987,164 units (2011: 2,246,657 units) | **(25,565)** | (18,136) | **(18,491)** | (6,863) |
| | **(12,575)** | (8,375) | **(15,435)** | (6,632) |
| Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net | | | | |
| - amount representing (income) / loss and realised capital (gains) / losses transferred to profit and loss account | **(3,238)** | 9,776 | **(4,137)** | (2,871) |
| - amount representing unrealised capital losses / (gains) on sale transferred directly to distribution statement | **4,191** | 795 | **4,580** | 1,823 |
| | **953** | 10,571 | **443** | (1,048) |
| Total comprehensive income / (loss) for the period | **14,179** | 19,665 | **33,436** | (2,511) |
| **Net assets at end of the period** | **193,223** | 175,372 | **193,223** | 175,372 |
| **Net asset value per unit (face value per unit Rs. 10)** | **9.31** | 8.39 | **9.31** | 8.39 |

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

**Imran Motiwala**
Chief Executive Officer

**Nadeem Saulat Siddiqui**
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
## FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

| | Nine months ended March 31, 2012 | Nine months ended March 31, 2011 | Quarter ended March 31, 2012 | Quarter ended March 31, 2011 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | (Rupees in '000) | | | |
| Net income / (loss) for the period | **8,403** | (14,839) | **12,051** | 4,022 |
| **Adjustments for non-cash and other items:** | | | | |
| Amortisation of conversion cost | **339** | 338 | **112** | 111 |
| Impairment loss on securities classified as 'available for sale' | **6,406** | 12,304 | **225** | 3,032 |
| Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed | **(3,238)** | 9,776 | **(4,137)** | (2,871) |
| | **11,910** | 7,579 | **8,251** | 4,294 |
| **Decrease / (increase) in assets** | | | | |
| Investments | **531** | 3,790 | **2,667** | 4,616 |
| Receivable against sale of securities | **-** | - | **-** | 3,679 |
| Dividend and other receivables | **(2,878)** | (1,175) | **(3,563)** | (2,210) |
| | **(2,347)** | 2,615 | **(896)** | 6,085 |
| **(Decrease) / increase in liabilities** | | | | |
| Payable against purchase of investment | **15** | - | **15** | (11) |
| Payable against redemption of units | **(20)** | (1,439) | **-** | (4,918) |
| Payable to the AKD Investment Management Limited - Management Company of the Fund | **29** | (1,483) | **14** | (6) |
| Remuneration Payable to the Central Depository Company of Pakistan Limited - Trustee of the Fund | **1** | 1 | **-** | - |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | **(36)** | (62) | **43** | 43 |
| Accrued expenses and other liabilities | **117** | (24) | **195** | (127) |
| | **106** | (3,007) | **267** | (5,019) |
| **Net cash generated from operating activities** | **9,669** | 7,187 | **7,622** | 5,360 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Amount received on issuance of units | **12,990** | 9,761 | **3,056** | 231 |
| Amount paid on redemption of units | **(25,565)** | (18,136) | **(18,491)** | (6,863) |
| **Net cash used in financing activities** | **(12,575)** | (8,375) | **(15,435)** | (6,632) |
| **Net increase / (decrease) in cash and cash equivalents during the period** | **(2,906)** | (1,188) | **(7,813)** | (1,272) |
| Cash and cash equivalents at beginning of the period | **3,893** | 2,537 | **8,800** | 2,621 |
| Cash and cash equivalents at end of the period | **987** | 1,349 | **987** | 1,349 |

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

**Imran Motiwala**
Chief Executive Officer

**Nadeem Saulat Siddiqui**
Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
## FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

**1. LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** AKD Index Tracker Fund (The Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 02 May 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 12 April 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund is registered as notified entity under NBFC Regulations, 2008.

**1.2** The objective of the Fund is to capture not less than 85% of the KSE-100 index, minimizing specific sector / stock risk where 15% of the net assets shall be invested in cash and near cash instruments.

**1.3** The Fund is an open-end mutual fund and is listed on the Karachi Stock Exchange. Its units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. Title to the assets of fund are held in the name of Central Depository Company Limited as a trustee of the Fund.

**1.4** The registered office of the Management Company is situated at 216-217 Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh, Pakistan.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim financial information have been presented in condensed form in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2011.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 March 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement, and notes thereto, for the nine months period ended 31 March 2012.

These condensed interim financial information are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

### 2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest rupee in thousand.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial statements are the same as those applied in preparing the financial statements for the ended 30 June 2011.

## 4. ESTIMATES

The preparation of condensed interim financial statement requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2011, except for the following:

### 4.1 Element of income / (loss) included in prices of units sold less those in units redeemed

An equalisation account called the "element of income / (loss) included in prices of units sold less those in units redeemed" is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

During the period the Fund revised the calculation of element of income and capital gains included in the prices of units issued less those in the units redeemed (“element”) in the financial statements.

As per the revised calculation element is recognised in the income statement to the extent that it is represented by income earned during the year. Previously, the element represented by income carried forward from previous periods was also recognised in the income statement.

The revised calculation, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. Had the calculation not been changed, the net loss for the period ended 31 March 2012 would have been higher by Rs. 1.8255 million.

## 5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2011.

| | | 31 March 2012 (Unaudited) | 30 June 2011 (Audited) |
|---|---|---|---|
| **6.** | **BANK BALANCES** | **(Rupees in '000)** | |
| | Balances with banks in: | | |
| | - profit and loss saving accounts | **353** | 3,240 |
| | - current accounts | **634** | 653 |
| | | **987** | 3,893 |

7. **INVESTMENTS**

**Available for Sale - listed equity securities**

(Ordinary shares have a face value of Rs 10 each unless stated otherwise)

| Name of the investee | Holding at beginning of the period 1 July 2011 | Acquired during the period | Bonus / right shares received during the period | Disposed during the period | Holding at end of the period 31 March 2012 | Cost as of the period ended 31 March 2012 | Carrying value (before revaluation as of the year ended 31 March 2012) | Market value as of the period ended 31 March 2012 (revised carrying value) | Unrealised appreciation/ (diminution) | Percentage in relation to Total market value of Investment | Percentage in relation to Net assets of the Fund |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ------- Number of Share ------- | | | | | ------- Rupees in '000' ------- | | | | | |
| **Oil and Gas** | | | | | | | | | | | |
| Attock Refinery Limited | 5,217 | 300 | - | 448 | 5,069 | 555 | 622 | 652 | 30 | 0.35 | 0.34 |
| National Refinery Limited | 4,902 | 290 | - | 472 | 4,720 | 1,008 | 1,642 | 1,168 | (474) | 0.62 | 0.60 |
| Attock Petroleum Limited | 4,256 | 210 | - | 361 | 4,105 | 1,134 | 1,549 | 1,861 | 312 | 0.99 | 0.96 |
| Pakistan State Oil Company Limited | 10,472 | 700 | - | 1,067 | 10,105 | 2,328 | 2,669 | 2,519 | (150) | 1.34 | 1.30 |
| Shell Pakistan Limited | 4,167 | 120 | - | 318 | 3,969 | 761 | 890 | 803 | (87) | 0.43 | 0.42 |
| Mari Gas Company Limited | 4,561 | 200 | 1,134 | 416 | 5,479 | 346 | 472 | 473 | 1 | 0.25 | 0.24 |
| Oil and Gas Development Company Limited | 263,331 | 15,780 | - | 26,289 | 252,822 | 28,144 | 38,642 | 42,388 | 3,746 | 22.62 | 21.94 |
| Pakistan Oil Field Limited | 14,460 | 897 | - | 1,403 | 13,954 | 3,267 | 5,016 | 5,097 | 81 | 2.72 | 2.64 |
| Pakistan Petroleum Limited | 73,164 | 4,729 | 7,276 | 7,555 | 77,614 | 10,034 | 14,589 | 14,187 | (402) | 7.57 | 7.34 |
| BYCO Petroleum Limited | 24,164 | 35,000 | - | 1,930 | 57,234 | 397 | 455 | 523 | 68 | 0.28 | 0.27 |
| Pakistan Refinery Limited | 2,215 | - | - | 2,215 | - | - | - | - | - | - | - |
| | | | | | | **47,974** | **66,546** | **69,671** | **3,125** | | |
| **Chemicals** | | | | | | | | | | | |
| Dawood Hercules Corporation Limited | 29,355 | 2,100 | - | 3,209 | 28,246 | 1,322 | 1,792 | 1,101 | (691) | 0.59 | 0.57 |
| Engro Corporation Limited | 24,102 | 1,473 | 7,014 | 2,325 | 30,264 | 2,178 | 3,747 | 3,005 | (742) | 1.60 | 1.56 |
| Fauji Fertilizer Bin Qasim Limited | 57,331 | 3,330 | - | 5,560 | 55,101 | 1,572 | 2,360 | 2,291 | (69) | 1.22 | 1.19 |
| Fauji Fertilizer Company Limited | 51,922 | 3,138 | 26,290 | 6,210 | 75,140 | 3,949 | 7,619 | 9,380 | 1,761 | 5.01 | 4.85 |
| ICI Pakistan Limited | 8,450 | 550 | - | 877 | 8,123 | 1,182 | 1,230 | 1,043 | (187) | 0.56 | 0.54 |
| Lotte Pakistan PTA Limited | 92,124 | 5,800 | - | 8,897 | 89,027 | 836 | 1,215 | 791 | (424) | 0.42 | 0.41 |
| Clariant Pakistan Limited | 2,055 | 130 | - | 195 | 1,990 | 271 | 319 | 288 | (31) | 0.15 | 0.15 |
| Arif Habib Corporation Limited | 22,700 | 2,000 | 2,257 | 2,773 | 24,184 | 560 | 589 | 785 | 196 | 0.42 | 0.41 |
| Fatima Fertilizer Company Limited * | 122,576 | 7,500 | - | 11,942 | 118,134 | 1,632 | 2,006 | 2,802 | 796 | 1.50 | 1.45 |
| Engro Polymer & Chemicals Limited | 39,909 | 4,000 | - | 4,316 | 39,593 | 293 | 403 | 436 | 33 | 0.23 | 0.23 |
| | | | | | | **13,795** | **21,280** | **21,922** | **642** | | |
| **Industrial Metal and Mining** | | | | | | | | | | | |
| International Industries Limited | 7,298 | - | - | 439 | **6,859** | **261** | **340** | **205** | **(135)** | 0.11 | 0.11 |
| **Construction and Materials** | | | | | | | | | | | |
| D.G. Khan Cement Limited | 26,892 | 1,000 | - | 1,855 | 26,037 | 499 | 598 | 947 | 349 | 0.51 | 0.49 |
| Lucky Cement Limited | 19,890 | 1,230 | - | 1,902 | 19,218 | 1,319 | 1,376 | 2,180 | 804 | 1.16 | 1.13 |
| Bestway Cement Limited | 21,070 | - | - | - | 21,070 | 180 | 255 | 422 | 167 | 0.22 | 0.22 |
| Attock Cement Limited | 5,387 | - | - | 324 | 5,063 | 246 | 246 | 388 | 142 | 0.21 | 0.20 |
| Lafarge Pakistan Limited | 83,457 | - | - | 83,457 | - | - | - | - | - | - | - |
| | | | | | | **2,244** | **2,475** | **3,937** | **1,462** | | |
| **General Industrials** | | | | | | | | | | | |
| Siemens Engineering Limited | 510 | - | - | 1 | 509 | 406 | 552 | 406 | (146) | 0.22 | 0.21 |
| Packages Limited | 5,127 | 150 | - | 238 | 5,039 | 417 | 550 | 424 | (126) | 0.23 | 0.22 |
| Ghani Glass Limited | 6,483 | - | - | 55 | 6,428 | 264 | 338 | 317 | (21) | 0.17 | 0.16 |
| TRI-Pack Films | - | 1,960 | - | 180 | 1,780 | 320 | 320 | 351 | 31 | 0.19 | 0.18 |
| Thal Limited (Face value Rs. 5/- each) | 3,764 | 150 | 748 | 345 | 4,317 | 267 | 363 | 374 | 11 | 0.20 | 0.19 |
| | | | | | | **1,674** | **2,123** | **1,872** | **(251)** | | |
| **Industrial Engineering** | | | | | | | | | | | |
| Al-Ghazi Tractors Limited (Face value Rs. 5/- each) | 2,620 | 180 | - | 166 | 2,634 | 490 | 596 | 472 | (124) | 0.25 | 0.24 |
| Millat Tractors Limited | 2,226 | 130 | - | 122 | 2,234 | 693 | 1,324 | 1,123 | (201) | 0.60 | 0.58 |
| | | | | | | **1,183** | **1,920** | **1,595** | **(325)** | | |

| Name of the investee | Holding at beginning of the period 1 July 2011 | Acquired during the period | Bonus / right shares received during the period | Disposed during the period | Holding at end of the period 31 March 2012 | Cost as of the period ended 31 March 2012 | Carrying value (before revaluation as of the year ended 31 March 2012) | Market value as of the period ended 31 March 2012 (revised carrying value) | Unrealised appreciation/ (diminution) | Percentage in relation to: Total market value of Investment | Percentage in relation to: Net assets of the Fund |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ----- Number of Share ----- | | | | | ----- Rupees in '000' ----- | | | | | |
| **Industrial Transportation** | | | | | | | | | | | |
| Pakistan National Shipping Corporation Limited | 8,544 | - | - | 8,544 | - | - | - | - | - | - | - |
| Pakistan International Containers Limited | 6,738 | 200 | - | 500 | 6,438 | 506 | 521 | 869 | 348 | 0.46 | 0.45 |
| Pakistan International Bulk Terminal Pvt Ltd.* | - | 3,369 | - | - | 3,369 | - | - | 34 | 34 | 0.02 | 0.02 |
| | | | | | | **506** | **521** | **903** | **382** | | |
| **Support Services** | | | | | | | | | | | |
| TRG Pakistan Limited | 20,472 | - | - | 1,311 | 19,161 | **19** | **49** | **89** | **40** | 0.05 | 0.05 |
| **Automobile and Parts** | | | | | | | | | | | |
| Indus Motor Company Limited | 4,773 | - | - | 26 | 4,747 | 774 | 1,044 | 1,130 | 86 | 0.60 | 0.58 |
| Pak Suzuki Motors Company Limited | 5,037 | - | - | 27 | 5,010 | 300 | 313 | 331 | 18 | 0.18 | 0.17 |
| Atlas Honda Limited | 4,416 | - | - | 86 | 4,330 | 478 | 498 | 616 | 118 | 0.33 | 0.32 |
| | | | | | | **1,552** | **1,855** | **2,077** | **222** | | |
| **Food Producers** | | | | | | | | | | | |
| Murree Brewery Company Limited | - | 999 | - | - | 999 | 64 | 64 | 70 | 6 | 0.04 | 0.04 |
| Nestle Pakistan Limited | 2,777 | 54 | - | 140 | 2,691 | 3,374 | 14,617 | 11,967 | (2,650) | 6.39 | 6.19 |
| Unilever Pakistan Limited (Face value Rs. 50/- each) | 813 | 11 | - | 32 | 792 | 1,712 | 4,143 | 4,436 | 293 | 2.37 | 2.30 |
| Rafhan Maize Products Company Limited | 566 | 20 | - | 10 | 576 | 847 | 1,511 | 1,536 | 25 | 0.82 | 0.79 |
| Unilever Pakistan Foods Limited | 371 | - | - | - | 371 | 410 | 557 | 672 | 115 | 0.36 | 0.35 |
| | | | | | | **6,407** | **20,892** | **18,681** | **(2,211)** | | |
| **House Hold Goods** | | | | | | | | | | | |
| Pak Electron Limited | 7,965 | - | - | 7,965 | - | - | - | - | - | - | - |
| **Personal Goods** | | | | | | | | | | | |
| Nishat Mills Limited | 21,488 | 1,400 | - | 2,041 | 20,847 | 848 | 1,045 | 1,148 | 103 | 0.61 | 0.59 |
| Ibrahim Fibres Limited | 19,046 | 1,200 | - | 2,053 | 18,193 | 497 | 751 | 698 | (53) | 0.37 | 0.36 |
| Azgard Nine Limited | 28,011 | - | - | 28,011 | - | - | - | - | - | - | - |
| Bata (Pakistan) Limited | 476 | - | - | 3 | 473 | 241 | 290 | 278 | (12) | 0.15 | 0.14 |
| Colgate Palmolive (Pakistan) Limited | 1,942 | 50 | 289 | 46 | 2,235 | 941 | 1,496 | 1,816 | 320 | 0.97 | 0.94 |
| | | | | | | **2,527** | **3,582** | **3,940** | **358** | | |
| **Tobacco** | | | | | | | | | | | |
| Phillip Morris Pakistan Limited | 3,733 | 150 | - | 5 | 3,878 | 468 | 654 | 466 | (188) | 0.25 | 0.24 |
| Pakistan Tobacco Company Limited | 15,715 | 60 | - | 700 | 15,075 | 837 | 1,456 | 704 | (752) | 0.38 | 0.36 |
| | | | | | | **1,305** | **2,110** | **1,170** | **(940)** | | |
| **Pharma and Bio Tech** | | | | | | | | | | | |
| Abbott Laboratories (Pakistan) Limited | 6,015 | 400 | - | 590 | 5,825 | 503 | 548 | 588 | 40 | 0.31 | 0.30 |
| GlaxoSmithKline (Pakistan) Limited | 12,242 | 1,630 | 1,387 | - | 15,259 | 789 | 1,052 | 946 | (106) | 0.50 | 0.49 |
| | | | | | | **1,292** | **1,600** | **1,534** | **(66)** | | |
| **Travel and Leisure** | | | | | | | | | | | |
| Dreamworld Limited | 2,146 | - | - | 72 | 2,074 | 1,192 | 1,193 | 1,073 | (120) | 0.57 | 0.56 |
| Pakistan International Airlines Corporation Limited "A" | 155,587 | - | - | 6,260 | 149,327 | 297 | 320 | 429 | 109 | 0.23 | 0.22 |
| | | | | | | **1,489** | **1,513** | **1,502** | **(11)** | | |
| **Fixed Line Telecommunication** | | | | | | | | | | | |
| Pakistan Telecommunication Limited "A" | 230,924 | 15,000 | - | 22,607 | 223,317 | **2,332** | **3,135** | **2,749** | **(386)** | 1.47 | 1.42 |

| Name of the investee | Holding at beginning of the period 1 July 2011 | Acquired during the period | Bonus / right shares received during the period | Disposed during the period | Holding at end of the period 31 March 2012 | Cost as of the period ended 31 March 2012 | Carrying value (before revaluation as of the year ended 31 March 2012) | Market value as of the period ended 31 March 2012 (revised carrying value) | Unrealised appreciation/ (diminution) | Percentage in relation to Total market value of Investment | Percentage in relation to Net assets of the Fund |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ------------------ Number of Share ------------------ | | | | | ------------------ Rupees in '000' ------------------ | | | | | |
| **Electricity** | | | | | | | | | | | |
| Hub Power Company Limited | 70,677 | 4,296 | - | 6,912 | 68,061 | 1,899 | 2,551 | 2,561 | 10 | 1.37 | 1.33 |
| Kot Addu Power Company Limited | 53,937 | 3,261 | - | 5,101 | 52,097 | 1,940 | 2,216 | 2,281 | 65 | 1.22 | 1.18 |
| Karachi Electric Supply Corporation Limited (Face value Rs. 3.5/- each) | 136,183 | - | - | 5,035 | 131,148 | 210 | 282 | 476 | 194 | 0.25 | 0.25 |
| Nishat Chunian Power Limited | - | 22,600 | - | 1,435 | 21,165 | 300 | 300 | 296 | (4) | 0.16 | 0.15 |
| Nishat Power Limited | - | 22,000 | - | 630 | 21,370 | 326 | 326 | 295 | (31) | 0.16 | 0.15 |
| Kohinoor Energy Limited | 11,921 | - | - | 11,921 | - | - | - | - | - | - | - |
| | | | | | | **4,675** | **5,675** | **5,909** | **234** | | |
| **Gas Water and Multiutilities** | | | | | | | | | | | |
| Sui Northern Gas Pipelines Limited | 33,388 | 1,900 | 1,660 | 2,570 | 34,378 | 521 | 647 | 724 | 77 | 0.39 | 0.37 |
| Sui Southern Gas Company Limited | 51,635 | 1,200 | 2,567 | 3,079 | 52,323 | 617 | 1,079 | 1,104 | 25 | 0.59 | 0.57 |
| | | | | | | **1,138** | **1,726** | **1,828** | **102** | | |
| **Banks** | | | | | | | | | | | |
| Allied Bank Limited | 52,804 | 3,267 | 5,088 | 5,190 | 55,969 | 2,386 | 3,257 | 3,586 | 329 | 1.91 | 1.86 |
| Askari Bank Limited | 42,885 | 2,500 | 6,271 | 3,572 | 48,084 | 389 | 455 | 704 | 249 | 0.38 | 0.36 |
| Bank Al Habib Limited | 53,683 | 3,500 | 7,818 | 5,060 | 59,941 | 1,083 | 1,542 | 1,658 | 116 | 0.88 | 0.86 |
| Bank Al-Falah Limited | 82,893 | 5,250 | - | 8,398 | 79,745 | 776 | 775 | 1,292 | 517 | 0.69 | 0.67 |
| Faysal Bank Limited | 45,082 | 2,500 | 5,559 | 5,103 | 48,038 | 327 | 398 | 631 | 233 | 0.34 | 0.33 |
| Habib Bank Limited | 67,442 | 3,511 | 6,503 | 5,922 | 71,534 | 6,664 | 7,551 | 7,967 | 416 | 4.25 | 4.12 |
| Habib Metropolitan Bank Limited | 63,740 | 3,000 | - | 4,192 | 62,548 | 1,225 | 1,351 | 1,028 | (323) | 0.55 | 0.53 |
| MCB Bank Limited | 51,241 | 3,113 | 4,980 | 4,997 | 54,337 | 8,196 | 9,757 | 9,533 | (224) | 5.09 | 4.93 |
| Meezan Bank Limited | 49,484 | 3,000 | 5,894 | 5,327 | 53,051 | 620 | 837 | 1,501 | 664 | 0.80 | 0.78 |
| National Bank of Pakistan Limited | 102,964 | 6,163 | 9,931 | 9,816 | 109,242 | 4,091 | 4,982 | 4,984 | 2 | 2.66 | 2.58 |
| NIB Bank Limited | 245,663 | 350,000 | - | 1,327 | 594,336 | 1,042 | 1,042 | 1,771 | 729 | 0.95 | 0.92 |
| NIB Bank Limited - Right | 383,133 | - | - | 383,133 | - | - | - | - | - | - | - |
| Silk Bank Ltd | - | 125,000 | - | - | 125,000 | 296 | 296 | 370 | 74 | 0.20 | 0.19 |
| Soneri Bank Limited | 50,648 | - | 6,296 | 4,673 | 52,271 | 181 | 236 | 413 | 177 | 0.22 | 0.21 |
| Standard Chartered Bank (Pakistan) Limited | 236,158 | 14,500 | - | 22,250 | 228,408 | 1,824 | 1,878 | 2,382 | 504 | 1.27 | 1.23 |
| The Bank of Punjab | 32,950 | - | - | 32,950 | - | - | - | - | - | - | - |
| United Bank Limited | 75,101 | 4,445 | - | 7,256 | 72,290 | 4,177 | 4,455 | 5,543 | 1,088 | 2.96 | 2.87 |
| | | | | | | **33,277** | **38,812** | **43,363** | **4,551** | | |
| **Non Life Insurance** | | | | | | | | | | | |
| Adamjee Insurance Company Limited | 7,701 | 480 | - | 772 | 7,409 | 389 | 476 | 419 | (57) | 0.22 | 0.22 |
| EFU General Insurance Limited | 7,774 | - | - | 492 | 7,282 | 231 | 253 | 642 | 389 | 0.34 | 0.33 |
| Jubilee General Insurance Company Limited | 6,226 | 250 | 1,155 | 699 | 6,932 | 232 | 335 | 371 | 36 | 0.20 | 0.19 |
| Pakistan Reinsurance Company Limited | 18,471 | - | - | 1,145 | 17,326 | 270 | 275 | 370 | 95 | 0.20 | 0.19 |
| IGI Insurance Limited | 6,003 | - | 895 | 246 | 6,652 | 342 | 419 | 346 | (73) | 0.18 | 0.18 |
| | | | | | | **1,464** | **1,758** | **2,148** | **390** | | |
| **Life Insurance** | | | | | | | | | | | |
| EFU Life Assurance Limited | 5,264 | 1 | - | 348 | 4,917 | **270** | **337** | **413** | **76** | 0.22 | 0.21 |
| **Real Estate Investment And Services** | | | | | | | | | | | |
| Pace (Pakistan) Limited | 24,989 | 1,900 | - | 9,650 | 17,239 | **17** | **37** | **56** | **19** | 0.03 | 0.03 |
| **Financial Services** | | | | | | | | | | | |
| Jahangir Siddiqui & Company Limited | 47,650 | - | - | 1,707 | 45,943 | **185** | **298** | **1,000** | **702** | 0.53 | 0.52 |
| **Equity Investment Instruments** | | | | | | | | | | | |
| PICIC Growth Fund | 17,113 | 1,500 | - | 1,701 | 16,912 | **216** | **226** | **224** | **(2)** | 0.12 | 0.12 |
| **PAPER AND BOARD** | | | | | | | | | | | |
| Security Papers Limited | - | 1,000 | - | - | 1,000 | **39** | **39** | **42** | **3** | 0.02 | 0.02 |

| Name of the investee | Holding at beginning of the period 1 July 2011 | Acquired during the period | Bonus / right shares received during the period | Disposed during the period | Holding at end of the period 31 March 2012 | Cost as of the period ended 31 March 2012 | Carrying value (before revaluation as of the year ended 31 March 2012) | Market value as of the period ended 31 March 2012 (revised carrying value) | Unrealised appreciation/ (diminution) | Percentage in relation to Total market value of Investment | Percentage in relation to Net assets of the Fund |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ----- Number of Share ----- | | | | | ----- Rupees in '000' ----- | | | | | |
| **Sugar and Allied Industries** | | | | | | | | | | | |
| Tandlianwala Sugar Mills Limited | - | 4,604 | - | - | 4,604 | 236 | 236 | 288 | 52 | 0.15 | 0.15 |
| JDW Sugar Mills Limited | - | 2,500 | - | - | 2,500 | 205 | 205 | 224 | 19 | 0.12 | 0.12 |
| | | | | | | **441** | **441** | **512** | **71** | | |
| **Software And Computer Services** | | | | | | | | | | | |
| Netsol Technologies Limited | 4,343 | - | - | 23 | 4,320 | **33** | **88** | **61** | **(27)** | 0.03 | 0.03 |
| **Available for sale investment as at 31 March 2012** | | | | | | **126,315** | **179,378** | **187,403** | **8,025** | | |
| Available for sale investment as at 30 June 2011 | | | | | | 133,252 | 152,698 | 184,373 | 31,675 | | |

* These are physical shares of Pakistan International Bulk Terminal Limited (PIBTL), received as Specie dividend from Pakistan International Container Terminal Limited (PICTL), in the ratio of one share for every two shares of PICTL held by the Fund.

The shares of PIBTL are valued at Rs. 10 which is approximately equal to its fair value. While under NBFC Regulations, the fund in not allowed to invest in unlisted securities, PIBTL had applied for listing on Karachi Stock Exchange on 06 October 2011.

**7.1** Investments include shares with market value aggregating to Rs. 33.53 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of fund's trades in terms of Circular No. 11 dated 23 October 2007 issued by the SECP.

**7.2** As at March 31, 2012, an impairment loss of Rs 71.604 million was held in respect of equity securities classified as available for sale. During the period the management carried out a scrip wise analysis and has recognised additional loss amounting to Rs. 6.406 million.

**7.3 Details of surplus on revaluation of available for sale investments are as follows:**

| | 31 March 2012 (Unaudited) | 30 June 2011 (Audited) |
|---|---|---|
| | (Rupees in '000) | |
| Balance as of 01 July | **51,121** | 6,771 |
| Unrealised gain for the year | **8,025** | 31,675 |
| Impairment loss transferred to the profit and loss account | **6,406** | 14,863 |
| Unrealised (gain) / loss recognised in the income statement on sale | **(4,464)** | (2,188) |
| Balance as of period / year end recognised directly into unit holders' fund (difference of column a and b above) | **61,088** | 51,121 |

**8. 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 (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In July 2010, a clarification was issued by the ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income.

However, in December 2010 the ministry filed its responses against the Constitutional Petition requesting SHC to dismiss the same, where after, show cause notices were issued by the Federal Board of Revenue (FBR) to several mutual funds for the collection of WWF. In respect of such show cause notices, certain mutual funds have been granted stay order by SHC on the basis of the pending Constitutional Petition as referred above.

During the current period 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. While, the Constitutional Petition filed in the SHC is still pending.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 0.743 million upto 31 March 2012. (June 2011: 0.571 million)

## 9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part 1 of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. No provision has been made in these condensed interim financial information due to loss for the period.

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited (AKDIML), being the asset management company of the Fund, Central Depository Company of Pakistan Limited being the trustee, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, being the related companies of AKDIML, other collective investment schemes managed by the management company, National Bank of Pakistan Employees Pension Fund being holding more than ten percent of the units of the Fund as at 31 March 2012 and directors and officers of the management company and their connected persons.

Remuneration payable to the management company and trustee is determined in accordance with the provisions of the NBFC Regulations and Trust Deed respectively. Other transactions with connected persons are at agreed rates.

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

| | For the nine months ended March 31, | |
|---|---|---|
| **10.1 Transactions during the period** | **2012** | 2011 |
| | (Rupees in '000) | |
| **AKD Investment Management Limited - Management Company of the Fund** | | |
| Remuneration | **1,007** | 961 |
| Sales Load | **6** | - |
| Payment made in respect of formation and conversion cost | **-** | 1,500 |
| Purchase of Nil units by the management company (2011: 191,772) units | **-** | 1,500 |
| Redemption of Nil units by the management company (2011: 784,157) units | | 6,434 |
| Issue of bonus of Nil units to the management company (2011: 100,129) units | **-** | 689 |
| **Mr. Aqeel Karim Dhedhi** | | |
| Issue of bonus units - Nil (2011: 47) units | **-** | 1 |
| **Directors of the management company (Key management personnel)** | | |
| Issue of bonus units - Nil (2011: 7,364) units | **-** | 51 |

| | For the nine months ended March 31, 2012 | 2011 |
|---|---|---|
| | (Rupees in '000) | |
| **AKD Investment Management Limited - Staff Provident Fund** | | |
| Issuance - 124,231 (2011: Nil) units | **1,000** | - |
| Issue of bonus units - Nil (2011: 5,366) units | **-** | 37 |
| **Central Depository Company of Pakistan Limited - Trustee** | | |
| Remuneration | **526** | 525 |
| Central Depository Service charges | **6** | 5 |

| | Unaudited March 31, 2012 | Audited June 30, 2011 |
|---|---|---|
| **10.2 Balances outstanding at the period end** | **(Rupees in '000)** | |
| **AKD Investment Management Limited** | | |
| Remuneration payable | **142** | 113 |
| **Payable to Central Depository Company of Pakistan Limited - Trustee** | | |
| Remuneration | **59** | 58 |
| CDS charges | **1** | 1 |
| **National Bank of Pakistan - Employees Pension Fund** | | |
| Number of units outstanding - 17,951,398 (2011: 17,951,398) (March 31, 2012 : 86.48%) (June 30, 2011 : 81.21%) | **167,099** | 154,921 |
| **Mr. Aqeel Karim Dhedhi** | | |
| Number of units outstanding - 279 (2011: 279) units | **3** | 3 |
| **Directors of the management company (Key management personnel)** | | |
| Number of units outstanding - 43,564 units (2011: 43,564) | **406** | 376 |
| **AKD Investment Management Limited - Staff Provident Fund** | | |
| Number of units outstanding - 155,979 units (2011: 31,748) | **1,452** | 274 |

**11. GENERAL**

**11.1** These condensed interim financial information are unaudited.

**11.2** Other expenses include Sindh Government sales tax of Rs.0.161 million charged on the management remuneration, effective from 01 July 2011.

**11.3** These condensed interim financial information were authorised for issue on April 30, 2012 by the board of directors of the Management Company.

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

**Imran Motiwala**
Chief Executive Officer

**Nadeem Saulat Siddiqui**
Director

**AKD Investment Management Ltd.**

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