Funds Managed by:

AKD Investment Management Ltd.

2012

annual 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

02	Corporate Informaiton
03	Vision
04	Mission Statement
05	Key Management Profile
06	Report of the Directors of the Management Company
11	AKD Aggressive Income Fund - Financial Statements 2012
55	AKD Cash Fund - Financial Statements 2012
91	AKD Opportunity Fund - Financial Statements 2012
137	AKD Index Tracker Fund - Financial Statements 2012

CORPORATE INFORMATION

Farrukh Shaukat Ansari
Chairman

Imran Motiwala
Chief Executive Officer

Ali Qadir Gilani
Director

Aurangzeb Ali Naqvi
Director

Muhammad Amin Hussain
Director

M. Ramzan Sheikh
Director

Nadeem Saulat Siddiqui
Director

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Farrukh Shaukat Ansari

Chief Executive Officer
Mr. Imran Motiwala

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

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

AUDIT COMMITTEE

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

INTERNAL AUDITORS

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

RATING

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

Vision

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

Mission Statement

AKD Funds shall continuously strive to:

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

Key Management Profile

Imran Motiwala- Chief Executive Officer

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

Muhammad Munir Abdullah - Chief Financial Officer

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

Nadeem Saulat Siddiqui - Executive Director

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

Muhammad Yaqoob - Chief Investment Officer & Company Secretary

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

Carrow Michael - Head of Operations

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

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

ECONOMIC REVIEW AND OUTLOOK

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

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

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

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

EQUITY MARKET REVIEW AND OUTLOOK

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

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

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

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

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

MONEY MARKET REVIEW AND OUTLOOK

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

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

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

(a) The financial statements, prepared by the Management Company of the Funds, present its state of affairs fairly, the result of its operations, cashflows and movement in unit holders' funds.

(b) Proper books of account of the Funds have been maintained.

(c) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.

(d) International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of the Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements and any departures there from has been adequately disclosed and explained.

(e) The existing system of internal control is sound in design and has effectively implemented. The existing system of internal control and other procedure is being continuously reviewed by Internal Auditor. The process of review will continue and any weakness in controls will have immediate attention of the Management.

(f) There are no doubts upon the Funds' ability to continue as a going concern.

(g) The Corporate Governance regulations, as detailed in the listing regulations, have been fully complied.

(h) No Statutory payment on account of taxes, duties, levies and other charges is outstanding towards the Funds other than as disclosed in Financial Statements.

(i) During the year, 5 meetings of the Board of Directors were held. The details of meetings of board and attendance is as under:

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

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

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

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

RATING OF THE MANAGEMENT COMPANY

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

RATING OF FUNDS

AKD AGGRESSIVE INCOME FUND

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

AKD OPPORTUNITY FUND

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

AKD CASH FUND

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

PATTERN OF UNITHOLDING

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

APPOINTMENT OF AUDITORS

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

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

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 23, 2012

Contents

92	Fund Information
93	Fund Manager's Report
95	Details of Pattern of Holding (Units)
96	Trustee Report to the Unit Holders
97	Statement of Compliance with the Best Practices of the Code of Corporate Governance
100	Review Report to the Unit Holders on the Statement of Compliance with the Best Practices of the Code of Corporate Governance
101	Independent Auditors' Report to the Unit Holders
102	Statement of Assets and Liabilities
103	Income Statement
104	Statement of Comprehensive Income
105	Distribution Statement
106	Cash Flow Statement
107	Statement of Movement in Unit Holders' Fund
108	Notes to the Financial Statements

AKD Opportunity 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
Habib Metropolitan Bank Limited
KASB Bank Limited
Mybank 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,
I.I. Chundrigar Road,
Karachi

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

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

RATING - AKDOF
JCR-VIS: MFR 5-Star

FUND MANAGER'S REPORT

PERFORMANCE REVIEW FOR THE YEAR ENDED JUNE 30, 2012

AKD Opportunity Fund (AKDOF) posted an absolute return of 34.69% versus the benchmark KSE-100 return of 10.45%, significantly outperforming the KSE - 100 Index for the year ending 30 June 2012. The Fund's rating agency JCR-VIS as of June 30, 2012 (Published as of 01st August 2012), rated AKDOF "5 Star" the highest rating which denotes very good performance. The Fund also outperformed all its peer group funds for the year. During the year the Fund earned realized and unrealized gains of PKR 71.506 million and PKR 32.320 million respectively as compared to last year PKR 68.839 million and PKR1.982 million respectively.

During the year, the Investment Committee focused on selectively picking stocks with strong growth prospects which were relatively undervalued; "Food Producers" sector being a prime example and an exceptional star performer of this sector, Engro Foods Limited contributed a realized gain of Rs33.382 million alone which represented 46.68% of the total realized gains of the Fund for the said period. Other key stocks that yielded relatively higher returns for the Fund included Bank Al Falah Limited and National Foods Limited approximately 17.77% and 12.60% of the total realized gains. While Pak Datacom Limited, Quice Foods Limited and TRG Pakistan Limited were the lead contributors towards the unrealized gains of 36.62%, 22.42% and 16.42% respectively of the total unrealized gains.

AKDOF remains in line with its core investment philosophy of investing in deep value with strong capital appreciation prospects and a regular flow of dividend.

The Fund aims to hold maximum exposure in equities, with a view of strong market performance owing to broader based undervaluation of the stock market in general.

Top five sector exposure as of June 30, 2011 and their yearly performance.

Sector Name	% of NAV	Return as of Financial Year 2012
Banks	19.37%	13%
Chemicals	14.37%	-1%
Gas Water and Multiutilities	10.47%	-7%
Personal goods	10.14%	13%
Food producers	8.61%	9%

Following the change of Governor of the State Bank of Pakistan "SBP", the central bank's rigid stance on monetary policy gradually moved towards easing and reduced the discount rate, finally focusing on private sector credit off-take. Inflationary pressures have also eased during the period allowing financial space to the SBP to revisit their stance. The last cut of 150bps came in August, 2012 bringing the discount rate to 10.50% against 14.00% in June 2011. While the Government remains by far the largest borrower, high interest rates have been weighing heavily on the economy and hence GDP growth has been much less that the Government's forecast of 4.20% standing at 3.70% which is also significantly below our neighboring economies. Although, it is evident that an interest rate cut will not be sufficient to kick start the economy, as the law and order situation coupled with power outages is expected to restrain a foreseeable recovery, monetary easing is indeed a step in the right direction. Hence, the general consensus of economic managers is that a 6% GDP growth can only stem from greater private sector participation, which is essentially a function of liquidity and interest rates.

While inflationary pressures on a yearly basis continue to ease moving to single digit after more than approximately 2.5 years during the months of July and August 2012, the central bank can opt to bring the discount rate down to single digit as well.

The country endured a year of political uncertainty on both the domestic and foreign fronts, keeping the benchmark KSE-100 index under check, these key events were:

- An unwarranted attack by ISAF forces on Pakistan's Salala check post resulting in the unfortunate death of 24 Pakistani soldiers strains US-Pak relations
- As a result of the attack, Pakistan blocks NATO supply routes to Afghanistan and asks US to vacate Shamsi Air base, while the US halts all aid and support.
- Senate Elections amid volatile relations between the government, armed forces and the judiciary.
- Supreme Court disqualifies Prime Minister Gilani under contempt charges for not writing to the Swiss authorities for re-opening graft cases against the President.
- Delayed consensus among political parties on settling ties with the US, their request to re-open NATO supply routes and a formal apology for the attack further antagonizes relations weighing heavily on the economy and local currency.
- Ruling Parties stand-off with the judiciary related to NRO related court verdicts at stale mate.

During the year our economic managers looked to maintain growth targets in a politically and economically difficult environment. Infrastructural weaknesses coupled with deteriorating law and order situation hampered industrial sector growth at 3.6%. Unprecedented floods in the province of Sindh took its toll resulting in the Agricultural sector to grow by 3.1% falling short of the target of 3.4%. Services sector performance was also undermined and it grew by 4% versus its target of 5%.

In the year 2012, the trade deficit remained under pressure widening by 36% to USD 21.3bn, driven by a 5% decline in exports due to lower textile product prices and an 11% increase in imports on the back of higher crude oil prices. The Current Account deficit stood at USD 4.5bn versus a surplus of USD 214mn last year. Home Remittances continued to play its vital role and surged by 17.8% YoY and closed at a record of USD 13.2bn.

However, improvement in ties with the US during the month of June subsequent to the US apology with reference to the Salala incident resulting in the re-opening of NATO supply routes through Pakistan to Afghanistan; US reciprocating with the release of USD 1.1bn under the Coalition Support Fund should bring some respite to the economy. In addition, improving US-Pak relations is expected to play an essential role in the release of funds from other bilateral and multilateral donor agencies which had incidentally stopped during strained relations with the US. These positive developments are expected to result in a more stable Pak Rupee, which has depreciated by 9.90% during the year and 4.30% in the last quarter of the fiscal year alone. In fact, declining international commodity prices especially crude oil during the last couple of months is expected to also bode well for the economy.

With the easing of inflation and SBP's inclination towards the growth of private sector credit off-take the interest rates are expected to go into single digits for the year 2013. However, infrastructural weaknesses and energy outages remain a serious concern; while, moving into election year fiscal slippages are likely and implementation of material reforms improbable.

A relatively low interest rate environment always bodes well for the stock market, as investors seek higher yielding risk adjusted investments and expect better corporate earnings. While the benchmark KSE-100 Index moves closer and is expected to test its all time high, our investment strategy would remain to focus on stocks with earnings growth potential and intrinsic value.

Distribution

The Board has approved a bonus of Rs. 6.50 per unit (20.96% on the opening NAV and 13% of the par value Rs. 50 for FY-12).

DETAILS OF PATTERN OF HOLDING (UNITS)

As At June 30, 2012

Particulars	Unit Holders	Unit Holding	Percentage
Individuals	402	2,276,405	28.34
Associated Companies and Directors	3	462,848	5.76
Banks / DFIs	1	3,280,255	40.83
Retirement Funds	23	2,013,952	25.07
Others	2	349	0.00
Total	431	8,033,809	100.00

TRUSTEE REPORT TO THE UNIT HOLDERS

AKD OPPORTUNITY FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Opportunity Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 in accordance with the provisions of the following:

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

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

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

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

Karachi: October 22, 2012

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

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

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

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

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

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

2. The Board of Directors of Management Company has confirmed that none of them is serving as a director on more than ten listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Management company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board on February 11, 2012 was filled up by the directors within 17 days.

5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter during the period. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Mr. Farrukh Shaukat Ansari (Chairman) has passed the Board Development Series Certificate program conducted by the Pakistan Institute of Corporate Governance as of 30 June 2012. Further, arrangements are being made for the training program of remaining Directors of the Management Company. Further Directors' have also being briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the Management Company.

10. The Board of Directors of the Management Company has approved the appointment of Chief Financial Officer and Company Secretary, including their remuneration and terms and conditions of employment. During the period, there was no Head of Internal audit, however subsequent to the period end the management company has appointed a Head of Internal audit for this function.

11. The directors' report for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters regarding the affairs of the Fund as required to be disclosed.

12. The financial statements of the Fund were duly endorsed by Chief Executive Office and Chief Financial Officer before approval of the board.

13. The Directors, Chief Executive Officer and Executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.

14. The Management Company has complied with all the corporate and financial reporting requirements of the code with respect to the Fund.

15. The Board of the Directors of Management Company has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the Chairman of the committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter and prior to approval of interim and final results of the Fund. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board of the Directors of the Management Company has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are Non Executive Directors including the chairman of the committee. The terms of reference of this committee are in the process of approval.

18. The Board of Management Company has outsourced the internal audit function to M/s. Rafaqat Mansha Masoom Dossani and Company, Chartered Accountants, Karachi, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.

19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "Closed Period", prior to the announcement of interim/final results, and business decisions which may materially affect the market price of Fund's securities, was determined and intimated to directors, employees and the stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other applicable material principles enshrined in the Code have been complied with.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 23, 2012

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Management Company of **AKD Opportunity Fund** ("Fund") to comply with the listing regulations of the Karachi Stock Exchange, where the Fund is listed.

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

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

Further sub-regulation (xiii-a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the Fund to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

We draw attention to paragraphs 10 which more fully explain the matter regarding appointment of an employee as head of internal audit.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi: October 23, 2012

INDEPENDENT AUDITOR' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **AKD Opportunity Fund** ("the Fund"), which comprise of the statement of assets and liabilities as at 30 June 2012 and the income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in Unit Holders' Fund for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Other Legal and Regulatory Requirements

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

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Karachi: October 23, 2012

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2012

	Note	2012	2011
		(Rupees in '000)	
ASSETS			
Bank balances	4	**2,556**	4,784
Investments	5	**335,489**	431,106
Receivable against sale of investments		**-**	46,288
Dividend and profit receivables	6	**593**	352
Security deposits and other receivables	7	**4,028**	7,600
Total Assets		**342,666**	490,130
LIABILITIES			
Remuneration payable to the Management Company	8	**536**	750
Remuneration payable to the Trustee	9	**55**	75
Annual fee payable to Securities and Exchange Commission of Pakistan	10	**365**	445
Payable against purchase of investments		**-**	24,596
Payable on redemption of units		**-**	793
Accrued expenses and other liabilities	11	**414**	539
Provision for Workers' Welfare Fund	12	**5,701**	3,937
Unclaimed dividend		**11**	11
Total Liabilities		**7,082**	31,146
Net assets		**335,584**	458,984
Unit holders' fund (as per statement attached)		**335,584**	458,984
		(Number of Units)	
Number of units in issue	13	**8,033,809**	14,799,239
		(Rupees)	
Net assets value per unit (face value per unit Rs. 50/-)		**41.77**	31.01

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012	2011
		(Rupees in '000)	
Income			
Gains from transactions in marketable securities - net		**71,506**	68,839
Dividend income		**28,076**	25,057
Financial income on:			
- bank deposits		**774**	802
- investment in debt securities		**715**	1,540
Net unrealised appreciation on remeasurement of investment at fair value through profit or loss - held for trading		**32,320**	1,870
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net		**(33,417)**	(83,605)
		99,974	14,503
Expenses			
Remuneration to the Management Company	8	**7,689**	12,845
Remuneration to the Trustee	9	**778**	936
Annual fee to the Securities & Exchange Commission of Pakistan	10	**365**	445
Securities transaction cost		**889**	871
Auditor's remuneration	14	**249**	252
Provision for Workers' Welfare Fund	12	**1,764**	-
Others	15	**1,819**	628
		13,553	15,977
Net income / (loss) for the year		**86,421**	(1,474)

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	(Rupees in '000)	
Net income / (loss) for the year	**86,421**	(1,474)
Total comprehensive income	**86,421**	(1,474)

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	(Rupees in '000)	
Deficit at beginning of the year		
- Realised	**(182,313)**	58,665
- Unrealised	**(98,667)**	(160,521)
	(280,980)	(101,856)
Net income / (loss) for the year	**86,421**	(1,474)
Distribution:		
Bonus units issued for the year ended 30 June 2010 (at the rate of Rs.15.30 per unit distributed on 08 July 2010)	**-**	(177,650)
	86,421	(179,124)
Deficit at end of the year	**(194,559)**	(280,980)
Represented by:		
- Realised	**(154,577)**	(182,313)
- Unrealised	**(39,982)**	(98,667)
	(194,559)	(280,980)

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year	**86,421**	(1,474)
Adjustments for non-cash and other items:		
Unrealised (appreciation) on remeasurement of investment at fair value through profit or loss' - held for trading	**(32,320)**	(1,870)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed	**33,417**	83,605
	87,518	80,261
Decrease / (Increase) in assets		
Investments	**127,937**	50,311
Receivable against sale of investments	**46,288**	(46,288)
Dividend and profit receivables	**(241)**	216
Security deposits and other receivables	**3,572**	(5,000)
	177,556	(761)
(Decrease) / Increase in liabilities		
Remuneration payable to the Management Company	**(214)**	(471)
Remuneration payable to the Trustee	**(20)**	(4)
Annual fee payable to the Securities and Exchange Commission of Pakistan	**(80)**	(184)
Payable against purchase of investments	**(24,596)**	24,596
Payable on redemption of units	**(793)**	259
Accrued expenses and other liabilities	**(125)**	233
Provision for Workers' Welfare Fund	**1,764**	-
	(24,064)	24,429
Net cash generated from operating activities	**241,010**	103,929
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid during the year	**-**	(4)
Amount received on issue of units	**145,893**	153,582
Amount paid on redemption of units	**(389,131)**	(255,430)
Net cash used in financing activities	**(243,238)**	(101,852)
Net (decrease) / increase in cash and cash equivalents during the year	**(2,228)**	2,077
Cash and cash equivalents at beginning of the year	**4,784**	2,707
Cash and cash equivalents at end of the year	**2,556**	4,784

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

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

	2012	2011
	(Rupees in '000)	
Net assets at beginning of the year	**458,984**	478,701
Amount received on issue of 4,026,606 (2011: 5,133,073) units	**145,893**	153,582
Amount paid on redemption of 10,792,036 (2011: 8,796,603) units	**(389,131)**	(255,430)
	(243,238)	(101,848)
Final distribution of 6,851,680 bonus units for the year ended 30 June 2010	**-**	177,650
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	**33,417**	83,605
Total comprehensive income (income / (loss) for the year after distribution)	**86,421**	(179,124)
Net assets at end of the year	**335,584**	458,984
	(Rupees)	
Net assets value per unit (face value per unit Rs.50/-)	**41.77**	31.01

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Opportunity Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Fund is governed under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. It has been constituted under the trust deed, dated 19 December 2005, between AKD Investment Management Limited (AKDIML) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on 7 December 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 December 2005 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Accordingly title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund. The Fund is registered as a notified entity under NBFC Regulations, 2008.

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

The Fund is categorised as Equity Scheme as per circular 7 of 2009 by SECP. As per the circular, the Fund shall invest at least 70% of its net assets in listed equity securities and the remaining net assets shall be invested in cash or near cash instruments which include cash in bank accounts (excluding TDRs) and treasury bills not exceeding 90 days maturity.

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 financial statements of the Fund as at and for the period as at 30 June 2012 have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC rules and regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are stated at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees thousand.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During the year the Fund has revised the calculation of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in the units redeemed ("element"). As per the revised calculation element is recognised in the income statement for the year 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. The change did not have any impact on the net assets value (NAV) of the Fund. Had the calculation not been changed, the net income for the year ended 30 June 2012 would have been higher by Rs. 125.879 million.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Classification and valuation of investments

For details please refer note 3.1 and 19 to these financial statements.

Provision for taxation

For details please refer note 3.7 to these financial statements.

Workers welfare fund liability

Refer note 12 to these financial statements.

Other assets

Refer note 3.16 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 01 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Fund.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 01 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in income statement for the year, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in income statement for the year is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Fund.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 01 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to income statement for the year in the future if certain conditions are met from those that would never be reclassified to income statement for the year. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments would result in increased disclosures in the financial statements of the Fund.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 01 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013.

- IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Fund.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 01 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Fund.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 01 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 01 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is not likely to have any impact on Fund's financial statements.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 01 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendment has no impact on Fund's financial statements.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendment may result in modified disclosure in the interim financial statements.

- IFRIC 20 Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 01 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Fund.

2.6 Changes in accounting policies

There were no changes in the accounting policies of the Fund during the year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Investments

3.1.1 All investments are initially recognized at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the income statement.

3.1.2 The Fund classifies its investments in the following categories:

Financial asset at fair value through profit or loss

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through profit or loss upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial recognition, the investments in listed equity instruments are remeasured at fair value determined with reference to Stock Exchange quoted market prices at the close of period end. Gains or losses on investments on remeasurement of these investments are recognized in income statement.

3.1.3 Basis of valuation of debt securities

The fair value of term finance certificates is determined on the basis of rates notified by the Mutual Funds Association of Pakistan (MUFAP) as at the period end.

3.1.4 All regular way of purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments.

3.2 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

The Fund uses the weighted average method to determine the cost of assets derecognised and realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.3 Derivatives Financial Instruments

These are measured at fair value. The fair value of a derivative is based on quoted bid price of Stock Exchange ruling at the balance sheet date. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. Gain or loss on remeasurement of value of derivative financial instrument is recognised in income statement.

3.4 Cash and cash equivalents

Cash and cash equivalent comprise of bank balances including term deposits with banks which have maturities of less than three months from the date of deposit.

3.5 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for the purchase of units are received. The offer price represents the net assets value of units at the end of the day plus the allowable sales load, if any. The sales load is payable to the Distribution Companies and the Management Company as processing fee.

Units redeemed are recorded at the redemption price prevalent on the day on which the units are redeemed. The redemption price represents the net assets value at the end of the day.

3.6 Net asset value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund with the number of units in issue at the year end.

3.7 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its income excluding realised and unrealised capital gains for the year is distributed amongst the unit holders.

3.8 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income on the date at which the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets held for trading are included in the income statement for the year in the period in which they arise.

- Dividend income is recognised in the income statement for the year when the right to receive the dividend is established. For quoted equity securities this is the ex-dividend date.

- Income on debt securities and bank balances are recognised in the income statement for the year at rate of return implicit in the instrument balance on a time proportionate basis.

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

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. This is recognised in the income statement for the year currently.

3.10 Payables and accruals

Payables and accruals are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether billed or not to the Fund.

3.11 Financial instruments

At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs incurred for the acquisition of held for trading investments. The particular recognition method adopted for measurement of financial assets and financial liabilities subsequent to the initial recognition is disclosed in the individual policy statement associated with each item.

3.12 Offsetting of financial instruments

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.13 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.14 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement for the year.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

3.15 Dividend distributions and appropriations

Dividend (including the bonus units) declared subsequent to the balance sheet date are recorded in the period in which they are approved.

3.16 Other assets

Other assets are stated at cost less impairment losses, if any.

4. BANK BALANCES - local currency

	Note	30 June 2012	30 June 2011
		(Rupees in '000)	
In profit and loss saving accounts	4.1	**2,531**	4,758
In current accounts		**25**	26
		2,556	4,784

4.1 These accounts carry profit rates ranging from 6% to 10.5% (June 2011: 5% to 10.5%) per annum.

5. INVESTMENTS

Investment in securities at fair value through profit or loss - held for trading

	Note	30 June 2012	30 June 2011
Listed equity securities (ordinary shares)	5.1	**335,489**	424,578
Term finance certificates	5.3	**-**	6,528
		335,489	431,106

5.1 **Listed equity securities - Held for trading**

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at the beginning of the year 1 July 2011	Acquired during the year	Bonus / right hares receive during the year	Disposed during the year	Holding at the end of the year 30 June 2012	Cost	Carrying value (before revaluation) as at 30 June 2012)	Market value as at 30 June 2012	Unrealised appreciation/ (diminution)	Percentage in relation to Net assets	Percentage in relation to Total market value of Investment
	(Number of Share)					(Rupees in '000)					
Commercial Banks											
Bank Alfalah Limited	1,000,000	1,040,000	-	2,040,000	-	-	-	-	-	-	-
Bank AL Habib Limited	954,258	-	-	954,258	-	-	-	-	-	-	-
Habib Metropolitan Bank Limited	635,730	-	-	171,720	464,010	10,111	10,102	8,009	(2,093)	2.39	2.39
NIB Bank Limited	823,471	-	-	-	823,471	3,739	1,243	1,639	396	0.49	0.49
Soneri Bank Limited	3,048,188	850,000	381,023	2,700,000	1,579,211	7,991	7,820	11,670	3,850	3.48	3.48
Summit Bank Limited	231,669	-	-	231,669	-	-	-	-	-	-	-
Habib Bank Limited	169,000	-	-	169,000	-	-	-	-	-	-	-
						21,841	**19,165**	**21,318**	**2,153**	**6.36**	**6.34**
Non Life Insurance											
Century Insurance Company Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
TPL Direct Insurance Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
						-	**-**	**-**	**-**	**-**	**-**
Personal Goods (Textile)											
Artistic Denim Mills Limited	1,804,461	1,537	-	929,936	876,062	28,138	21,902	21,025	(876)	6.27	6.27
Din Textile Mills Limited	51,808	25,541	-	77,349	-	-	-	-	-	-	-
Ellcot Spinning Mills Limited	-	105,138	-	-	105,138	2,727	2,727	2,734	7	0.81	0.81
Gul Ahmed Textile Mills Limited	-	3,820	-	-	3,820	84	84	81	(4)	0.02	0.02
Island Textile Mills Limited	-	30,800	-	-	30,800	4,871	4,871	6,378	1,506	1.90	1.90
Service Industries Limited	-	20,000	-	3,464	16,536	3,472	3,472	2,744	(729)	0.82	0.82
						39,292	**33,057**	**32,961**	**(95)**	**9.82**	**9.82**
Construction and Materials (Cement)											
Cherat Cement Company Limited	-	510,000	-	395,000	115,000	2,819	2,819	3,406	588	1.02	1.02
D.G. Khan Cement Company Limited	300,000	242,330	-	542,330	-	-	-	-	-	-	-
						2,819	**2,819**	**3,406**	**588**	**1.02**	**1.02**
Oil and Gas											
Attock Refinery Limited	-	95,000	-	-	95,000	12,327	12,327	11,673	(655)	3.48	3.48
Pakistan State Oil Company Limited	-	65,000	-	-	65,000	16,935	16,935	15,330	(1,606)	4.57	4.57
						29,262	**29,263**	**27,002**	**(2,260)**	**8.05**	**8.05**
Multiutilities (Gas and Water)											
Sui Northern Gas Pipelines Limited	225,000	400,000	-	625,000	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	2,009,845	140,000	100,492	551,742	1,698,595	22,538	34,800	33,123	(1,677)	9.87	9.87
						22,538	**34,800**	**33,123**	**(1,677)**	**9.87**	**9.87**
Electricity											
Kohinoor Energy Limited	1,048,500	-	-	534,250	514,250	17,278	8,464	11,056	2,592	3.29	3.30
Sitara Energy Limited	17,651	-	-	17,651	-	-	-	-	-	-	-
						17,278	**8,464**	**11,056**	**2,592**	**3.29**	**3.30**
Industrial metals and Mining											
Huffaz Seamless Pipe Industries Limited	241,676	-	-	65,001	176,675	**5,831**	**2,187**	**4,090**	**1,903**	**1.22**	**1.22**

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at the beginning of the year 1 July 2011	Acquired during the year	Bonus / right hares receive during the year	Disposed during the year	Holding at the end of the year 30 June 2012	Cost	Carrying value (before revaluation) as at 30 June 2012)	Market value as at 30 June 2012	Unrealised appreciation/ (diminution)	Percentage in relation to Net assets	Percentage in relation to Total market value of Investment
	(Number of Share)					(Rupees in '000)					
Engineering											
Al-Ghazi Tractors Limited *	62,100	-	-	5,500	56,600	**12,488**	**12,968**	**11,622**	**(1,346)**	**3.46**	**3.46**
Industrial Transportation											
Pakistan International Container Terminal Limited	70,000	1,230	-	70,000	1,230	91	100	180	80	0.05	0.05
Pakistan International Bulk Terminal Limited**	-	-	35,000	-	35,000	-	-	350	350	0.10	0.10
Pakistan National Shipping Corporation Limited	240,470	-	-	-	240,470	18,271	5,771	3,706	(2,065)	1.10	1.10
						18,362	**5,871**	**4,235**	**(1,635)**	**1.26**	**1.26**
Electronic and Electrical Goods											
Pakistan Cables Limited	8,926	-	-	8,926	-	-	-	-	-	-	-
Fixed Line Telecommunication											
Pak Datacom Limited	245,882	-	60,845	2,500	304,227	22,968	7,297	19,133	11,836	5.70	5.70
WorldCall Telecom Limited	90,000	-	-	90,000	-	-	-	-	-	-	-
						22,968	**7,297**	**19,133**	**11,836**	**5.70**	**5.70**
Chemicals											
Dawood Hercules Chemicals Limited	75,800	-	-	75,800	-	-	-	-	-	-	-
Ghani Gases Limited	28,517	-	-	-	28,517	371	368	263	(105)	0.08	0.08
Sitara Chemical Industries Limited	186,060	27,562	-	114,778	98,844	25,775	9,723	10,384	661	3.09	3.10
Engro Corporation Limited	-	250,000	15,000	-	265,000	27,550	27,550	26,988	(562)	8.04	8.04
Clariant Pakistan Limited	262,562	-	-	82,562	180,000	26,602	28,861	31,860	2,999	9.49	9.50
						80,298	**66,502**	**69,495**	**2,993**	**20.71**	**20.72**
General Industrials											
Thal Limited *	320,544	152,100	64,108	181,383	355,369	**31,780**	**29,556**	**33,049**	**3,494**	**9.85**	**9.85**
Pharma and Bio Tech											
Searle Pakistan Limited	-	211,500	-	5,000	206,500	8,880	8,880	9,827	948	2.93	2.93
Otsuka Pakistan Limited	170,500	-	-	2,129	168,371	**12,628**	5,431	6,036	605	1.80	1.80
Wyeth Pakistan Limited	-	961	-	-	961	**769**	769	825	57	0.25	0.25
						22,277	**15,080**	**16,689**	**1,609**	**4.97**	**4.97**
Media											
Hum Network Limited	-	300,000	-	-	300,000	**6,750**	**6,750**	**6,300**	**(450)**	**1.88**	**1.88**
Support Services											
TRG Pakistan Limited	6,964,520	-	-	795,396	6,169,124	**28,089**	**15,793**	**21,098**	**5,306**	**6.29**	**6.29**
Beverages											
Murree Brewery Company Limited	165,000	-	16,500	181,500	-	-	-	-	-	-	-
Shezan International Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
						-	-	-	-	-	-

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at the beginning of the year 1 July 2011	Acquired during the year	Bonus / right hares receive during the year	Disposed during the year	Holding at the end of the year 30 June 2012	Cost	Carrying value (before revaluation) as at 30 June 2012)	Market value as at 30 June 2012	Unrealised appreciation/ (diminution)	Percentage in relation to Net assets	Percentage in relation to Total market value of Investment
	(Number of Share)					(Rupees in '000)					
Food Producers											
Engro Foods Limited	1,509,400	300,000	-	1,809,400	-	-	-	-	-	-	-
National Foods Limited	23,663	14,333	-	37,996	-	-	-	-	-	-	-
JDW Sugar Mills Limited	-	6,578	-	1	6,577	523	523	664	141	0.20	0.20
Noon Sugar Mills Limited	-	75,370	-	-	75,370	1,553	1,553	1,507	(45)	0.45	0.45
Quice Food Limited	-	1,280,000	-	-	1,280,000	5,120	5,120	12,365	7,245	3.68	3.69
Quice Food Limited - Right	-	310,000	-	-	310,000	-	-	-	-	-	-
Sanghar Sugar Mills Limited	-	120,361	-	-	120,361	1,743	1,743	1,715	(28)	0.51	0.51
						8,939	**8,939**	**16,252**	**7,313**	**4.84**	**4.84**
Technology Hardware and Equipment											
TPL Trakker Limited	-	465,958	-	-	465,958	**4,660**	**4,660**	**4,660**	-	**1.39**	**1.39**
Total as at 30 June 2012						**375,472**	**303,170**	**335,489**	**32,320**		
Total as at 30 June 2011						523,211	422,596	424,578	1,982		

* Ordinary shares of face value Rs.5/- each

** 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 of PICTL held by the Fund at 27 July 2011. The shares of PIBTL are valued at Rs. 10 which is approximately equal to its fair value. While in the NBFC Regulations, the Fund is not allowed to invest in un PIBTL had applied for listing on Karachi Stock Exchange. Besides the management is of the view that it did not on its own self invested in the shares of the above company as it received specie dividend from the investee company.

5.2 Shares having market value of Rs. 32.25 million are pledged with National Clearing Company of Pakistan Limited as on 30 June 2012.

5.3 Term finance certificates - Held for trading

Name of the Investee	Tenor	Coupon rate	As at 01 July 2011	Purchased during the year	Sold / matured during the year	Holding as at 30 June 2012	Cost	Carrying value (before revaluation) as at 30 June 2012	Market value as at 30 June 2012	Appreciation / (diminution)	Percentage in relation to Net assets of the Fund	Percentage in relation to Total market value of investments
			(Number of certificates)				(Rupees in '000)					
WorldCall Telecom Limited (face value Rs 5,000 each)	5 Years	6M Kibor plus 1.6% p.a.	2,000	-	2,000	-	-	-	-	-	-	-
Total as at 30 June, 2012							-	-	-	-		
Total as at 30 June 2011							6,562	6,640	6,528	(112)		

		30 June 2012	30 June 2011
		(Rupees in '000)	

6. DIVIDEND AND PROFIT RECEIVABLE

	Note	30 June 2012	30 June 2011
Dividend receivable	6.1	**150**	-
Mark-up on bank deposits	6.1	**28**	97
Mark-up on term finance certificates (disposed off)	6.1	**415**	255
		593	352

6.1 Received subsequent to the year end.

7. SECURITY DEPOSITS AND OTHER RECEIVABLES

	Note	30 June 2012	30 June 2011
Central Depository Company of Pakistan Limited		**100**	100
National Clearing Company of Pakistan Limited		**2,500**	2,500
Subscription in pre-initial public offer investments		**-**	5,000
Principal redemption due on Term Finance Certificates (disposed off)	7.1 & 19	**1,428**	-
		4,028	7,600

7.1 Received subsequent to the year end.

8. REMUNERATION TO THE MANAGEMENT COMPANY

The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding three percent per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the Management Fee is charged @ 2% of the average daily net assets of the Fund. This amount was cleared subsequent to the year end.

9. REMUNERATION TO THE TRUSTEE

The Trustee is entitled to monthly remuneration for services under the provision of Trust Deed.

Net assets up to 1 billion

Rs. 0.7 million or 0.20% per annum of the daily average net assets of the Fund, which ever is higher.

Net assets exceeding 1 billion

Rs. 2 million plus 0.1% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion.

10. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Rule 62 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, whereby the Fund is required to pay annual fee to SECP at the rate of 0.095% of the average daily net assets of the Fund from 21 November, 2008.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	30 June 2012	30 June 2011
		(Rupees in '000)	
Auditor's remuneration		**189**	195
Brokerage payable	11.1	**20**	217
Withholding tax		**-**	18
Sales tax payable on Management Company's remuneration	11.2	**85**	-
Others		**120**	108
		414	539

11.1 This includes the brokerage payable on the sale / purchase of equity securities.

11.2 During the current year, an amount of Rs. 1.23 million was charged on account of sales tax on Management fee levied through Sindh Sales Tax on Services Act, 2011. As at year end, sales tax on Management Company remuneration of Rs. 0.085 million was due, which was paid subsequent to the year end.

12. PROVISION FOR WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. Consequently, a constitutional petition was filed in High Court of Sindh by certain representative CIS through their trustees along with the management companies on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law ibid."

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law ibid.

The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On 14 December 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

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. 5.701 million upto 30 June 2012.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Rs. 0.71 / 1.70%.

13. NUMBER OF UNITS IN ISSUE

As at 30 June 2012 8,033,809 (2011: 14,799,239) units at par value of Rs. 50 each were in issue.

	30 June 2012	30 June 2011
	(Numbers)	
Total outstanding at beginning of the year	**14,799,239**	11,611,089
Issued during the year	**4,026,606**	5,133,073
Bonus units issued	**-**	6,851,680
Redemption during the year	**(10,792,036)**	(8,796,603)
Total units in issue at the end of the year	**8,033,809**	14,799,239

14. AUDITOR'S REMUNERATION

	(Rupees in '000)	
Statutory audit fee	**160**	160
Half yearly review fee	**45**	45
Review of Code of Corporate Governance fee	**25**	25
Out of pocket expenses	**19**	22
	249	252

15. OTHERS

	Note		
Printing and stationery		**182**	227
National Clearing Company of Pakistan Limited fee		**205**	192
Credit rating fee		**120**	120
Central Depository Company charges		**31**	33
Karachi Stock Exchange listing fee		**40**	40
Bank charges		**11**	16
Sales tax on Management Company's remuneration	*11.2*	**1,230**	-
		1,819	628

16. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly, no provision for taxation has been made in these financial statements. Refer note 27 for the details of distribution.

17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited (AKDIML), being the asset management company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited being the related companies of the management company, Central Depository Company of Pakistan Limited being the trustee, other collective investment schemes managed by the Management Company and directors and key management personnel of the Management Company and also includes entities holding 10% or more in the units of the Fund as at 30 June 2012.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively as disclosed in note 8 and 9 of these financial statements. Other transactions are at agreed rates.

Transactions and balances with related parties other than those disclosed elsewhere are as follows:

17.1 Balance as at year ended	30 June 2012	30 June 2011
	(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund		
Remuneration payable	**536**	750
Sales load payable	**21**	-
Payable against redemption of units	**-**	793
Units outstanding - 434,047 (June 2011: nil)	**18,131**	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	**55**	75
National Bank of Pakistan		
Units outstanding - 3,280,255 (June 2011: 3,280,255)	**137,021**	101,734
AKD Securities Limited - Brokerage House		
Commission payable on purchase of marketable securities	**-**	57
Receivable against sale of marketable securities	**-**	12,811
AKD Investment Management Limited Staff Provident Fund		
Units Outstanding - 44,905 (June 2011: 9,345)	**1,876**	290

	30 June 2012	30 June 2011
	(Rupees in '000)	
Chief Executive Officer of the Management Company		
Units outstanding - 9,810 (June 2011: 9,810)	**410**	304
Director		
Units outstanding - 18,991 (2011: nil)	**793**	-
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Units outstanding - 31,802 (June 2011: 31,802)	**1,328**	986
17.2 Transactions during the year		
AKD Investment Management Limited - Management Company		
Remuneration	**7,689**	12,845
Sales load	**21**	19
Units issued -709,021 (2011: nil)	**25,765**	-
Units redeemed - 274,974 (2011: 25,809)	**9,143**	796
Issue of bonus units - nil (2011: 9,578)	**-**	248
Aqeel Karim Dehdhi Securities (Private) Limited - Staff Provident Fund		
Issue of bonus units - nil (2011: 11,802)	**-**	306
Aqeel Karim Dehdhi Securities (Private) Limited		
Units issued - nil (2011: 65,815)	**-**	2,000
Units redeemed - nil (2011: 65,815)	**-**	2,047
Chief Executive Officer of the Management Company		
Units issued - nil (2011: 9,810)	**-**	300
Director		
Units issued - 18,991 (2011: nil)	**740**	-
AKD Investment Management Limited - Staff Provident Fund		
Units issued - 182,272 (2011: nil)	**5,404**	-
Units redeemed - 143,243 (2011: nil)	**4,069**	-
Issue of bonus units - nil (2011: 3,468)	**-**	90
AKD Securities Limited - Brokerage House		
Units issued - 506,143 (2011: 463,129)	**20,000**	12,500
Units redeemed - 506,143 (2011: 463,129)	**20,200**	13,107
Commission paid on purchase and sale of marketable securities	**76**	108

	30 June 2012	30 June 2011
	(Rupees in '000)	
Golden Arrow Selected Stocks Fund Limited (Fund managed by the Management company)		
Sale of Shares	**90,932**	12,314
Purchase of Shares	**19,797**	8,674
AKD Aggressive Income Fund		
Sale of Term Finance Certificates - sale proceeds	**3,212**	-
Loss on sale of above Term Finance Certificates	**460**	-
Miss Ayesha Aqeel		
Purchase of shares	**6,058**	-
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration	**778**	936
Central Depository Service charges	**31**	33

18. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund.

The Fund maintains positions in a variety of financial instruments in accordance with guidelines given by SECP and the constitutive documents of the Fund. The Fund primarily invests in Equity Securities but also has investments in a debt security and bank balances, which are subject to varying degree of risks.

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, Rules, and Constitutive Documents of the Fund in addition to the Fund's internal risk management policies.

18.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from debt securities held, bank balances, profit / mark-up recoverable and balances due from brokers, etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analyzing credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk at 30 June 2012 was as follows:

	30 June 2012		30 June 2011	
	Statement of assets and liabilities	**Maximum exposure**	Statement of assets and liabilities	Maximum exposure
	(Rupees in '000)		(Rupees in '000)	
Bank balances including profit receivable	**2,584**	**2,584**	5,136	5,136
Investments	**335,489**	**-**	431,106	6,528
Dividend receivable	**150**	**150**	-	-
Receivable against sale of investments	**-**	**-**	46,288	46,288
Security deposits and other receivables	**4,443**	**4,443**	7,600	7,600
	342,666	**7,177**	490,130	65,552

Difference in balance as per the statement of assets and liabilities and maximum exposure in investments is due to the fact that investments in equity securities of Rs. 335.489 million (2011: Rs. 424.578 million) is not exposed to credit risk.

Past due / impaired assets

None of the financial assets of the Fund were past due or impaired as at 30 June 2012 except as disclosed in note 7.1.

Credit ratings and Collaterals

Details of the credit ratings of investments in a debt security and bank balances as at 30 June 2012 are as follows:

	30 June 2012		30 June 2011	
	Debt security	**Bank balances**	Debt security	Bank balances
	(including profit due)		(including profit due)	
Ratings	**% of balance**		% of balance	
AA+	**-**	**97%**	-	99%
AA	**-**	**1%**	-	1%
A	**-**	**-**	100%	-
A-	**-**	**2%**	-	-
Total	**-**	**100%**	100%	100%

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS (as of 30 June 2012). The Fund also manages its exposure to price risk by diversifying the investment portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets of the Fund, or issued capital of the investee company, whichever is lower, and sector exposure limit to 25% of net assets.

Concentration of credit risk

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

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	30 June 2012		30 June 2011	
	(Rupees in '000)	**(%)**	(Rupees in '000)	(%)
Commercial banks	**2,584**	**36%**	4,881	7%
Telecommunication	**1,843**	**26%**	6,783	10%
Miscellaneous	**2,750**	**38%**	53,888	82%
	7,177	**100%**	65,552	100%

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.'

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six days from the date of the redemption request.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total net assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the period.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, during the period no such option was exercised or considered necessary.

Maturity analysis for financial liabilities

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

	30 June 2012			
	Carrying amount	**Less than 1 month**	**1 to 3 months**	**Total**
	(Rupees in '000)			
Remuneration Payable to the Management Company	**536**	**536**	**-**	**536**
Remuneration payable to the Trustee	**55**	**55**	**-**	**55**
Annual fee payable to Securities and Exchange Commission of Pakistan	**365**	**-**	**365**	**365**
Payable against purchase of investments	**-**	**-**	**-**	**-**
Payable on redemption of units	**-**	**-**	**-**	**-**
Accrued expenses and other liabilities	**414**	**414**	**-**	**414**
Unclaimed dividend	**11**	**11**	**-**	**11**
	1,381	**1,016**	**365**	**1,381**
Unit holders' fund	**335,584**	**335,584**	**-**	**-**

	30 June 2011			
	Carrying amount	Less than 1 month	1 to 3 months	Total
	(Rupees in '000)			
Remuneration Payable to the Management Company	750	750	-	750
Remuneration payable to the Trustee	75	75	-	75
Annual fee payable to Securities and Exchange Commission of Pakistan	445	-	445	445
Payable against purchase of investments	24,596	24,596	-	24,596
Payable on redemption of units	793	793	-	793
Accrued expenses and other liabilities	539	539	-	539
Unclaimed dividend	11	11	-	11
	27,208	26,763	445	27,208
Unit holders' fund	458,984	458,984	-	-

18.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

18.3.1 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on investment in debt security and income statement for the year sharing bank balances. Currently the debt security carries a variable interest rate and income statement sharing bank balances carry fixed interest rates. The Management Company monitors the interest rate environment on a regular basis and may change the mix of its portfolio to enhance the earning potential of the Fund subject to the above defined guidelines, etc. Other risk management procedures are the same as those mentioned in the credit risk management.

18.3.1.1 At 30 June, details of the interest rate profile of the Fund's interest bearing financial assets were as follows:

	30 June 2012	30 June 2011
	(Rupees in '000)	
Fixed rate instruments		
Bank balance in income statement for the year saving accounts	**2,531**	4,758
	2,531	4,758
Variable rate instruments		
Investment in Term Finance Certificates	-	6,528
	-	6,528

None of the financial liabilities carry any interest rate.

Cash flow sensitivity analysis for fixed rate instruments

None of the fixed rate instruments are carried at fair value. Therefore a change in the interest rate at the reporting date would not effect the income statement for the year and unit holder's fund.

The Fund is not exposed to any variable interest rate risk.

The above fixed rate financial instruments represent income statement for the year sharing bank balances and carry profit rates ranging between 6% to 10.5% per annum.

18.3.1.2 A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

	Mark-up / profit (%)	Less than one month	More than three months and upto six	Total
30 June 2012		------------- (Rupees in '000)		---------
Assets				
Bank balances	**6.0 to 10.5**	**2,531**	-	**2,531**
Investments		-	-	**-**
Total assets		**2,531**	**-**	**2,531**
30 June 2011				
Assets				
Bank balances	5.0 to 10.5	4,758	-	4,758
Investments	13.55 to 15.35	-	6,528	6,528
Total assets		4,758	6,528	11,286

None of the Fund's liability is subject to interest rate risk.

18.3.2 Equity price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Fund also manages its exposure to price risk by diversifying the investment portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets of the Fund, or issued capital of the investee company, whichever is lower, and sector exposure limit to 25% of net assets.

In case of 5% increase / decrease in KSE 100 index on 30 June, 2012, with all other variables held constant, net loss of the Fund for the year would have decreased / increased by Rs. 13.774 million (2011: Rs. 15.927 million) whereas the net assets would have increased / decreased by the same amount, as a result of gains / losses on equity securities at fair value through income statement for the year .

This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2012 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 index.

18.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

18.5 Unit Holders' Fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and the Fund is not subject to any externally imposed minimum Fund maintenance requirement.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is discussed in note 3.1

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

30 June 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	--------------(Rupees in'000)--------------			
Financial assets at fair value through income statement for the year (held for trading)				
Equity Securities	**335,489**	**-**	**-**	**335,489**
Debt security	**-**	**-**	**-**	**-**
	335,489	**-**	**-**	**335,489**

30 June 2011	Level 1	Level 2	Level 3	Total
	--------------(Rupees in'000)--------------			
Financial assets at fair value through income statement for the year (held for trading)				
Equity Securities	424,578	-	-	424,578
Debt security	-	-	6,528	6,528
	424,578	-	6,528	431,106

The following table shows a reconciliation from the beginning balances to the ending balance measurements in level 3 of the fair value hierarchy.

	30 June 2012	30 June 2011
	(Rupees in '000)	
Opening balance	**6,528**	17,814
Unrealised appreciation in the fair value of investment	**-**	(112)
Principal redeemed during the year	**(1,428)**	(3,300)
Sold during the year	**(3,672)**	(7,874)
Closing balance (principal redemption due)	**1,428**	6,528

20. LIST OF TOP TEN BROKERS IN ORDER OF PERCENTAGE OF COMMISSION PAID

		Commission paid (Percentage)	
		2012	2011
i)	Creative Capital Securities (Private) Limited	**17.94**	11.51
ii)	Tauras Securities Limited	**10.40**	12.23
iii)	AKD Securities Limited	**9.98**	21.92
iv)	Habib Metropolitan Financial Services Limited	**8.93**	6.52
v)	Fortune Securities Ltd	**7.85**	16.95
vi)	A.I. Securities (Private) Limited	**6.40**	13.69
vii)	First Capital Equities Limited	**5.54**	6.93
viii)	Elixir Securities Pakistan (Private) Limited	**4.96**	-
ix)	Alfalah Securities (Private) Limited	**4.93**	-
x)	Optimus Capital Management (Private) Ltd.	**4.85**	-

21. PERFORMANCE TABLE

	2012	2011	2010
Total net assets value - Rupees in	**335,584**	458,984	478,701
Net assets value per unit - Rupees	**41.77**	31.01	41.23
Net income / (loss) for the year - Rupees in '000	**86,421**	(1,474)	192,921
Selling price as at 30 June - Rupees	**43.05**	31.95	42.50
Repurchase price as at 30 June - Rupees	**41.75**	31.00	41.20
Highest selling price during the year - Rupees	**44.85**	33.35	50.65
Lowest repurchase price during the year - Rupees	**27.00**	24.80	35.65
Return of the Fund - Rupees in '000			
- Income distribution	**52,220**	-	177,650
- Capital growth	**229,157**	194,956	196,430
Distribution per unit (annual) - Rupees			
Gross [announced on 9 July 2012 and 8 July 2010)	**6.50**	-	15.30

Average annual return of the Fund	**2012**	2011	2010
- Last one year	**34.69%**	19.62%	16.96%
- Last two years	**27.15%**	18.29%	-9.5%
- Last three years	**23.75%**	0.19%	-4.7%

The income distribution have been shown against the year to which they relate although these were declared and distributed subsequently to the year end.

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

The portfolio composition of the Fund has been disclosed in note 5 of the financial statements.

22. PATTERN OF UNIT HOLDINGS

	As at 30 June 2012			
	No. of unit holders	Units held	Investment amount (Rupees in '000)	Percentage
Individuals	402	2,276,405	95,089	28.34
Associated Companies and Directors	3	462,848	19,334	5.76
Banks/ DFIs	1	3,280,255	137,021	40.83
Retirement Fund	23	2,013,952	84,126	25.07
Others	2	349	14	0.00
	431	8,033,809	335,584	100.00

	As at 30 June 2011			
	No. of unit holders	Units held	Investment amount (Rupees in '000)	Percentage
Individuals	468	2,169,591	67,288	14.66
Associated Companies and Directors	1	9,810	304	0.07
Banks/ DFIs	2	4,630,255	143,603	31.29
Retirement Fund	24	1,450,496	44,986	9.80
Others	3	6,539,087	202,803	44.19
	498	14,799,239	458,984	100.00

23. PARTICULARS OF FUND MANAGER

Name of Fund Manager	Qualification	Other Funds managed
Imran Motiwala	BBA	Golden Arrow Selected Stocks Fund Limited.

24. DETAIL OF MEMBERS OF INVESTMENT COMMITTEE OF THE MANAGEMENT COMPANY

Name of members	Designation	Qualification	Experience in years
Mr. Imran Motiwala	Chief Executive Officer and Fund Manager: -Golder Arrow Selected Stocks Fund Limited -AKD Opportunity Fund	BBA	18
Mr. Nadeem Saulat Siddiqui	General Manager Marketing and Sales	MBA	19
Mr. Muhammad Yaqoob	Fund Manager: -AKD Index Tracker Fund -AKD Aggressive Income Fund -AKD Cash Fund	MBA	8

25. DIRECTORS MEETING ATTENDANCE

During the year, five meetings of the Board of Directors of the management company were held on 8 July 2011, 24 October 2011, 29 October 2011, 29 February 2012 and 30 April 2012.

Name of Directors	Meeting attended	08 July 2011	24 October 2011	29 October 2011	29 February 2012	30 April 2012
				30 June 2012		
Mr. Farukh Shoukat Ansari	4	x	✓	✓	✓	✓
Mr. Imran Motiwala	5	✓	✓	✓	✓	✓
Mr. Ali Qadir Gilani	5	✓	✓	✓	✓	✓
Mr. M. Ramzan Sheikh**	0	x	x	x	x	x
Mr. Muhammad Amin Hussain	3	✓	✓	✓	x	x
Mr. Nadeem Saulat Siddiqui	5	✓	✓	✓	✓	✓
Mr. Aurangzeb Ali Naqvi*	1	x	x	x	x	✓
Mr. Taufique Habib	3	✓	✓	✓	x	x
		5	**6**	**6**	**4**	**5**

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

** Mr. Ramzan Sheikh was granted leave of absence by the board of directors.

26. RATING OF THE FUND AND THE MANAGEMENT COMPANY

JCR-VIS rating	Management quality rating	Stability rating
AKD Investment Management Limited (Management Company)	AM3-	N/A
AKD Opportunity Fund	N/A	MFR 5- Star

The Management Company and the Fund were assigned the above ratings by JCR-VIS on 27 March 2012 and 1 August 2012 respectively.

27. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the management company in their meeting held on 9 July 2012 approved dividend distribution of Rs. 6.5 per unit for the year ended 30 June 2012 (2011: Nil) amounting to Rs. 52.22 million (2011: Nil) in total. These financial statements do not include the effect of the above final distribution that will be accounted for subsequent to the year end.

28. DATE OF AUTHORIZATION FOR ISSUE

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
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

KODWAVI Ph: 32624198