AKD
Opportunity Fund

Managed by

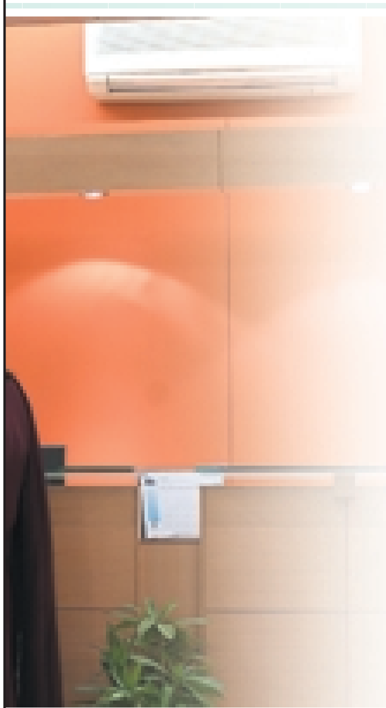
AKD Investment Management Ltd.

Annual Report 2007




CONTENTS

CORPORATE INFORMATION



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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Farrukh Shaukat Ansari

Chief Executive Officer
Mr. Faisal Bengali

Directors
Mr. Sadiq Hussain
Mr. Zahoor Motiwala
Mr. Farooq Ahmed Awan
Mr. Farrukh Hamid Sabzwari
Mr. Ashraf Adamjee

COMPANY SECRETARY & CFO OF THE MANAGEMENT COMPANY
Mr. Muhammad Amin Hussain

AUDIT COMMITTEE

Chairman
Mr. Ashraf Adamjee

Members
Mr. Sadiq Hussain
Mr. Zahoor Motiwala

INTERNAL AUDITORS
Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Progressive Plaza, Beaumont Road,
P.O. Box 15541, Karachi 75530.

TRUSTEE
Central Depository Company
of Pakistan Limited
Suite # M-13-16, Mezzanine Floor,
Progressive Plaza, Beaumont Road,
Near PIDC House, Karachi.

BANKERS
Habib Metropolitan Bank Limited
Mybank Limited
The Bank of Punjab

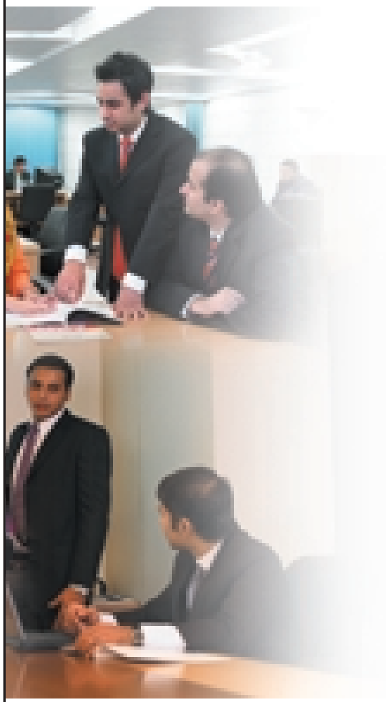
AUDITORS
M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal, Karachi.

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

REGISTRAR
Gangjees Registrar Services (Pvt.) Ltd.
516, Clifton Centre, Khayaban-e-Roomi,
Kehkashan, Block-5, Clifton, Karachi.
Tel: 5375714 - 5836920.

DISTRIBUTORS
AKD Investment Management Limited
Aqeel Karim Dhedhi Securities (Private) Limited
IGI Investment Bank Limited
The Bank of Punjab
Accesss Financial Services (Private) Limited
Al-Falah Securities (Private) Limited
Foundation Securities (Private) Limited

MISSION & VISION STATEMENT



MISSION STATEMENT

AKDOF aims to provide investors premium access to opportunities offered by equities, as an asset class.

VISION

To become the benchmark of excellence in "equity based fund management" through sustained industry out performance.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

Faisal Bengali
Chief Executive Officer

The Board of Directors of AKD Investment Management Ltd (AKDIML), the management company of AKD Opportunity Fund (AKDOF) is pleased to present its report along with the audited accounts for the fund for the fiscal year ended 30th June 2007.

Investment Strategy

AKDOF filters through the opportunities presented in the capital markets, searching for the optimal combination of investment strategies, mainly in equities, followed by fixed income and money markets to ensure we provide consistent, industry leading returns.

Fund Performance

AKDOF posted impressive results for its first full year of operation i.e. FY07. The Fund has posted a full year income (carried to distribution statement) of PkR 350.59mn versus a loss of PkR 145.26mn last year. This translates to an unappropriated profit carried forward of PkR 205.32mn. The income includes capital gains of PkR236.57mn, a dividend income of PkR37.25mn, interest on bank balances of PkR 20.52mn and an appreciation on remeasurement of investment of PkR104mn.

The NAV of the fund started the year at PkR 44.30 and rose to PkR 62.90 at the close of the year. The fund returned 42% during the year on an NAV basis.

Market Performance

Fiscal Year '07 was a healthy year for the Pakistani capital markets. The KSE100 index started the year at 9,989 and gained 37.87% during the year, closing at 13,772. It had a steady bullish rally throughout the year. The speculative elements were kept in check by frequent corrective and consolidation moves.

Average daily trading volume for the year was slightly over 200mn shares per day. This is significantly below the average daily trading volume for FY06 when 350mn shares were traded on a daily basis. However, this view is slightly misleading as the share prices were higher in FY07, resulting in a higher daily traded value.

Economy

The economy grew by a robust rate of 7% during FY07. SBP's tight monetary policy seems to have succeeded in controlling inflation with official CPI being 7.8% for FY07. SBP is not expected to raise interest rates significantly from current levels but will continue its hawkish stance in the medium-term until the inflation targets are achieved.

Future Outlook

We are optimistic on the future of KSE100 index and Pakistan's capital market. The upcoming elections are expected to add volatility to the KSE100 index. However, the market has succeeded in maintaining a high earnings growth level and has put itself on the radar screens of foreign fund managers investing in emerging markets. We choose to stick to our proven fundamental-based disciplined investment strategy, and will strive to outperform the KSE100 index and the mutual fund sector in the year to come.

Payout to Unit holders

The directors of AKDIML, in their meeting held on July 11, 07, have approved cash dividend of Rs. 5.00 per unit (11.29% on the opening NAV of Rs. 44.2952 for FY2007). Unit holders who have opted for reinvestment in units will get units on ex-dividend price of Rs. 57.9023 per unit as at June 30, 2007.

Compliance with the Code of Corporate Governance

The Board of Directors states that:

a. The Financial Statements prepared by the Management Company of the Fund, present fairly its state of affairs, the result of its operations, cash flows and movement in unit holders' fund.

b. Proper books of account of the Fund have been maintained.

c. Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There is no doubt upon the Fund's ability as a going concern.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. The Statement showing the attendance of Directors in BOD meetings is as under:

Name of Director	Total No. of Meetings Held	Meetings Attended
Mr. Mohammad Aliuddin Ansari	6	6
Mr. Faisal Bengali	6	6
Mr. Sadiq Hussain	6	6
Mr. Kashif Shamim	6	5
Mr. Farrukh Shaukat Ansari	6	4
Mr. Farooq Ahmed Awan	6	4
Mr. Farrukh Hamid Sabzwari	6	4

The trades in the Units of the Fund carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children are as under:

Traded by	Investment	Redemption
	(No. of Units)	
Chief Executive		
Mr. Faisal Bengali	43,876	Nil

Pattern of holding (units)
The detailed pattern of unit holding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is enclosed.

Asset Management Rating of the Management Company
In December 2006 JCR-VIS has upgraded the Management Quality rating of AKD Investment Management Ltd. (Management Company of AKD Opportunity Fund) to 'AM3+' (AM-Three Plus).

While upgrading this rating JCR-VIS states "The upgrade takes into account the management's commitment to enhance fund management and administration capabilities and the measures taken in this regard over the last few months. We believe that the emphasis laid on in-house training of employees will go a long way towards development of a competent management team. Over the long run, growth in assets under management and diversity of investor base are expected to reflect management's efforts since the formation of the company."

Appointment of Auditors
The Board of Directors of the Management Company have re-appointed Messrs M. Yousuf Adil Saleem & Co. Chartered Accountants, as the Fund's auditors for the period 2007-08 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 and the State Bank of Pakistan for their support to mutual fund community.

For and on behalf of the Board

Faisal Bengali
Chief Executive Officer

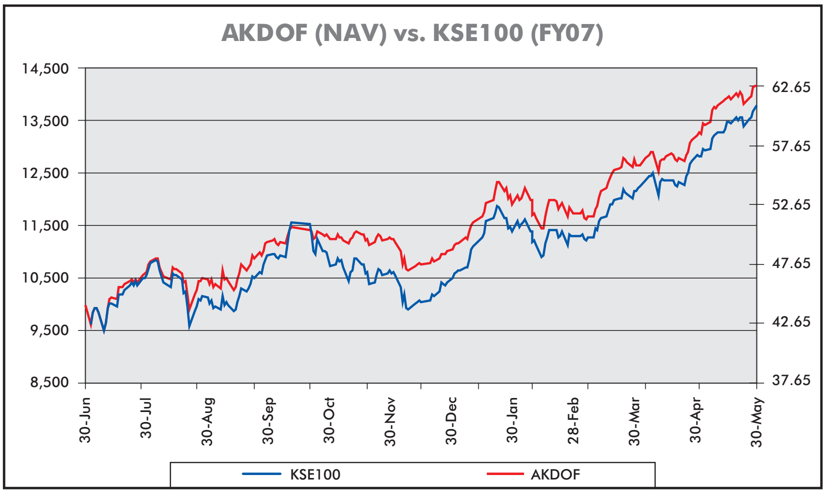
Karachi: August 17, 2007

Handling with Care

"Your Investments are the precious consignment we **carry** to high return destinations."

FUND MANAGER'S REPORT

Fund Performance
AKD Opportunity Fund booked impressive returns for its investors in its first operational year. On pure performance basis for FY07, AKDOF is in the first tier of Open-end Equity mutual funds by returning 42%, outperforming the mutual fund industry and the benchmark KSE100 index which returned 37.87% for the same period.



KSE100 vs. AKDOF (NAV) FY07

Market Performance
Fiscal Year 2007 was another year of strong market movement for the Pakistani capital market. The KSE100 started the year at 9,989 and close it at 13,772, gaining 37.87% during the period. The market gained confidence throughout the year which was evident from the increasing average daily trading volumes during the second half of the year.

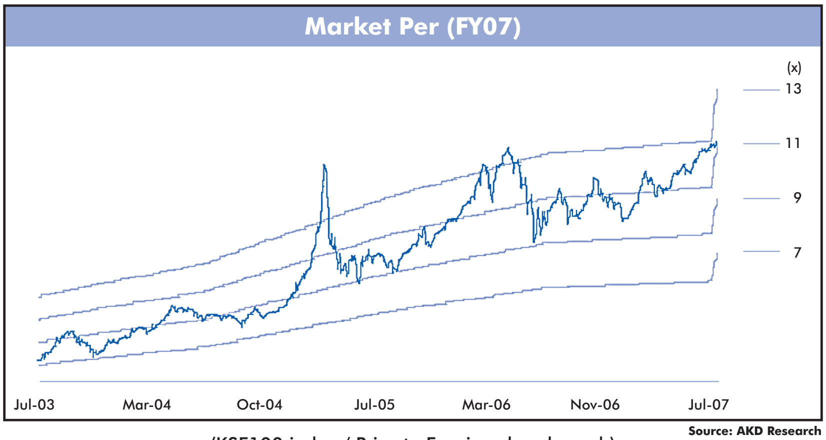
The KSE100 rally was supported by fundamentals this year more so than in the past and the speculative element was very restricted. The KSE100 index underwent frequent correction phases throughout the year.

We see the market action of last year to be divided in 2 distinct phases:

1) July 06 ~ December 06: KSE100 stayed range bound between 9,800 and 11,000 during this period. Although high of 11,600 and low of 9,400 were also made during this period, but these moves proved to be speculative. Banking sector mergers & acquisitions activity (Standard Chartered takeover of Union Bank), MCB GDR, rising cement demand, widening banking spreads and foreign interest in local equities were the drivers during this time period. The corrections were triggered by no-confidence move against PM Shaukat Aziz, OGDC GDR pricing and excess liquidity concerns, risk management regulatory reforms and rising current and trade account deficits.

2) January 07 ~ June 07: KSE100 index broke out of its range and had a healthy bull rally making an all-time high of 13,772. The rally was led by the banking sector on the back of improved ratings by international credit rating agencies and further merger & acquisition activity (Prime / ABN Amro and PICIC / Tamesek). Developments on Engro's expansion front and PSO's privatization prospects boosted the sentiment. The rally was fuelled by immense interest from foreign investors attracted by cheap valuations and healthy growth potential offered by Pakistan's capital market.

From a valuation point of view, KSE100 traded within the Price to Earnings (PE) bands of 9x to 13x. The chart below provides a PER band view of the market movement and also shows the steady growth in valuation multiples of the index during the last 4 years.



(KSE100 index / Price to Earnings band graph)

Pakistan's capital market is still cheaper than the comparative regional emerging markets. This makes the market very attractive for foreign fund managers looking for value and growth potential. This was clear from the growth in foreign portfolio investments taking it to over USD1 billion for FY07.

Country Valuations

	EPS Growth (%)	PE (x)	PB(x)	ROE (%)	DY (%)	PCF (x)
	2008F	2008F	2008F	2008F	2008F	2008F
Pakistan	***12.3***	***10.9***	***2.7***	***25.9***	***4.8***	***n.a.***
China	18.6	17.7	2.9	16.6	2.2	9.5
Hong Kong	7.3	15.4	2.2	14.6	3.2	11.5
India	12.8	15.9	3.2	21.8	1.4	12.3
Indonesia	21.1	15.2	4.4	24.8	3.2	n.a.
Malaysia	7.2	16.8	2.1	17.7	3.6	n.a.
Philippines	9.6	15.3	2.6	17.2	1.7	12.2
Singapore	12.4	16.9	2.3	13.5	2.9	13.1
South Korea	22.2	13.3	1.7	13.3	1.5	5.4
Taiwan	22.4	13.5	2.3	17.2	4.1	8.3
Thailand	14.6	10.2	2.7	17.3	3.8	4.1
Australia	6.2	15.9	2.7	17.0	3.5	10.9
New Zealand	-4.0	12.1	3.4	28.4	5.4	6.7
Japan	8.8	22.8	2.3	11.5	1.3	n.a.

Source: Merrill Lynch Estimates (as of July 17, 07)

Taking a closer look at valuation matrix for Pakistani capital market gives us further confidence in the depth of growth of the market.

(Pakistan's Capital Market - In-depth Valuation Table)

AKD Universe - Key Numbers

July 13, 2007	FY04A	FY05A	FY06A	FY07F	FY08F
EPS (PkR)	5.58	7.47	8.92	9.33	10.91
EPS chg (%)	22.51	33.84	19.53	4.49	16.97
Price to Earnings (x)	21.72	16.23	13.58	13.00	11.11
Price to Book (x)	5.39	4.49	3.76	3.32	2.87
Price to CF (x)	13.84	11.10	13.22	10.89	9.57
Earnings Yield (%)	4.60	6.16	7.36	7.70	9.00
Dividend Yield (%)	3.08	3.33	4.74	4.35	4.83
Book Value per Share (PkR)	22.47	27.01	32.23	36.51	42.26
Return on Equity (%)	24.83	27.65	27.69	25.54	25.81
Return on Assets (%)	5.43	6.11	6.35	5.98	6.32
Chg in Sales (%)	10.18	28.77	29.40	11.69	10.22
Gross Margin (%)	31.35	32.21	30.54	28.70	30.04
Operating Marigin (%)	21.45	22.30	21.08	19.57	20.79
Net Margin (%)	15.00	15.59	14.40	13.47	14.30
Payout (%)	66.97	53.98	64.36	56.51	53.65
EV / EBITDA (x)	10.07	8.35	7.16	7.37	6.50

Source: AKD Research

A number of key steps were taken by GoP during the year aimed towards improving the depth of the market. OGDC's GDR was a big step in this direction as the size of the GDR issue was 10.5% of the total outstanding shares and raised the free float of the company from 5% to 15.5%. The GDR also helped the GoP raise over USD1bn to support its deficits.

The GDR of UBL was conducted by GoP as part of the same scheme. The GoP sold 30% of UBL shares in the form of GDRs, raising USD650mn in capital. The IPO of Habib Bank Ltd is in the pipeline and will tentatively be conducted in the last week of July '07. 7.5% (including green-shoe option) of the paid-up capital is being offered to the public in this IPO. Besides the GDRs and IPOs, the banking sector is also expected to offer rights issues in the near future to meet the paid-up capital requirements set by SBP. This activity within the banking sector is increasing the weight of the banking sector in the KSE100 index, adding to the sector's importance as a gauge of market activity and direction.

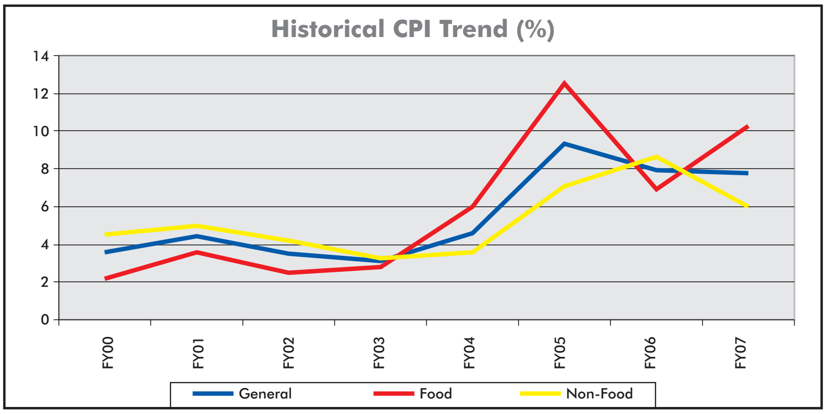
Economy

The economy continued to grow at a robust pace of 7.0%YoY, improving on last year's GDP growth of 6.6%. This takes the average annual GDP growth for the last three years to a very respectable 7.3%.

The current account deficit widened to 5.1% of GDP in FY07 versus 4.8% in FY06. This rise was mainly due to a rising trade account deficit. Healthy remittances helped keep balance of payments in a comfortable position despite a current account deficit.

Foreign exchange reserves stood at an all-time high of USD15.5bn at the end of the year as a result of multiple GDR offerings during the year, as well as heavy remittance inflow. However, because of foreign inflow of liquidity into the system, M2 grew by 16.6% versus SBP's target of 13.5%.

Inflation seems to be under control as a result of SBP's tight monetary policy. CPI (consumer price index) stood at 7.8% for the year FY07. Main contributor to inflation was food and energy costs. Sugar and wheat prices spiked at the close of FY07, taking food-component of CPI to 10.3%. Non-food CPI showed clear declining signs by closing the year at 6%. WPI (whole sale price index) showed similar trend by closing the year at 6.9% YoY while WPI (food) and WPI (non-food) stood at 8.9% and 5.6% respectively.



A view of the Fiscal Front:
Fiscal deficit for FY07 stood at 4.2% while the target for FY08 is 4%. GoP is expected to use higher tax revenue target of Rs1.03tn (23% higher YoY) and non-tax revenue target of Rs 337bn (39% higher YoY) as the main instrument to reduce fiscal deficit. The total budget outlay is Rs1.874tn. The budget is pro-development as this an election year and GoP has allocated Rs520bn for PSDP expenditures.

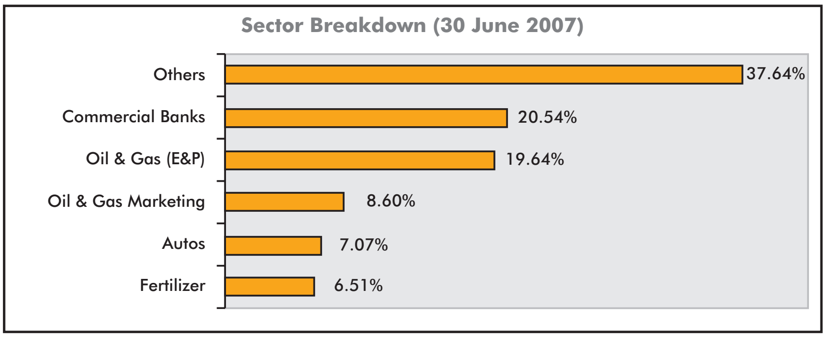
Monetary policy at a glance:
The tight monetary policy implemented by SBP has achieved its target by curtailing inflation. Recent rise in inflation numbers mainly fuelled by food-inflation is due to infra-structure bottle-necks. In its recent policy announced in July '07, SBP has reconfirmed its hawkish stance and raised the discount rates by 50bps, from 9.5% to 10%. This hike will result in rises in secondary interest rate chain. We see this measure as a fine tuning strategy to gradually suck out excess liquidity from the system.

Fund Activity
Oil & Gas Exploration & Production and Commercial banking sector were the heaviest allocations in the portfolio from July ~ November '06. These allocations were made to benefit from MCB Bank GDR, Standard Chartered / Union acquisition and the OGDC GDR. Investment banking and Oil & Gas Marketing sectors were also allocated strategic weightages during this period, targeting the take-over of PICIC and privatization of Pakistan State Oil. The conservative portion of the portfolio comprised of fertilizer, automobile assembler and telecom sector.

Expecting a market correction after the healthy rally, the fund managers reduced exposure to the market by cutting down all aggressive positions to minimal sizes, leaving fertilizer sector as the heaviest sector in the portfolio.

Oil & Gas E&P sector was allocated substantial weight at the end of December '06, making it the heaviest weight sector in the portfolio once again. Heavy exposure to fertilizer sector was maintained to benefit from expansion related developments in Engro Chemicals. Commercial banks were added to the portfolio during January '07, completing the strategic stance of the fund for the expected rally. This stance was maintained though the rest of fiscal year 2007.

Following is a graphical representation of sector-wise exposure of the fund's portfolio as it stands on 30th June 07:



Future Outlook
Our future outlook on the market is cautiously positive. We expect the KSE100 index to be volatile due to the upcoming elections. In our view, corporate earnings growth will be the driving force behind the market in medium to long term. We are expecting earnings growth of 16% for FY08. Sustained foreign interest in the market is also of key importance for a re-rating of the market, bringing it closer to the average emerging market valuations.

We believe that most of the inefficiencies in the market have been smoothened out and the era of hyper earnings growth is over. The corporate sector will still exhibit higher earnings growth than competitive emerging markets but the earnings growth from now onwards will be more dependent on real volumetric and sales growth.

SBP has proved its abilities in managing the economy without hurting growth. The marginal loosening of the monetary policy could be a boon for the capital market. Under the current scenario, we conservatively expect the KSE100 index to return 20%-25% during FY08.

DETAILS OF PATTERN OF HOLDING (UNITS)
AS AT JUNE 30, 2007

	(Units Held)
Associated Companies	
Aqeel Karim Dhedhi Securities (Pvt.) Limited	4,600,000
Directors and CEO	
Chief Executive Officer	
Mr. Faisal Bengali	73,876
Directors	
Mr. Sadiq Hussain	40,000
Public Limited Companies	820,126
Banks, Finance Institutions	3,085,818
Retirement Funds	3,868,112
Other Corporate Sector Entities	1,129,123
Individuals	2,296,864
Total	**15,913,919**

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

AKD OPPORTUNITY FUND

Report of the Trustee pursuant to the Rule 76(h) of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.

The AKD Opportunity Fund, an Open-ended Scheme established under a trust deed executed between AKD Investment Management Limited as the Asset Management Company and Central Depository Company of Pakistan Limited as Trustee on December 19, 2005. The Scheme was authorized by the Securities and Exchange Commission of Pakistan (SECP) on January 9, 2006.

In our opinion, AKD Investment Management Limited, the Asset Management Company of AKD Opportunity Fund has in all material respects managed AKD Opportunity Fund during the year ended June 30, 2007 in accordance with the provisions of the Trust Deed (and the modifications authorized by the SECP from time to time) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

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

Karachi: August 31, 2007

Economic Growth

"Productivity and the **growth** of productivity must be the first **economic** consideration at all times, not the last. This is the source of technological innovation, jobs and wealth creation."

STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented by the Board of Directors of AKD Investment Management Limited (Company), the Management Company of the AKD Opportunity Fund (Fund) to comply with the Code of Corporate Governance as contained in Regulation No.37 of the listing regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance as follows:

1) The Company encourages representation of independent non-executive directors. At present the Board has five independent non-executive directors.

2) The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

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

4) During the year casual vacancies occurred in the Board due to resignation of Mr. Kashif Shamim and Mr. Mohammed Aliuddin Ansari which were filled by appointing Mr. Zahoor Motiwala and Mr. Ashraf Adamjee respectively by the Board.

5) The Company has prepared a 'Statement of Ethics and Business Practices', which has been approved by the Board of directors and employees of the company.

6) The Board has developed a vision and mission statement and significant policies of the Fund. A complete record of particulars of significant policies along with 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 terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.

8) The Management Company has already appointed Chief Financial Officer (CFO) / Company Secretary and internal auditor for the company under its management including their remuneration and term & condition of employment as determine by CEO.

9) The roles and responsibilities of the Chairman and Chief Executive have been approved by the Board of Directors.

10) 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. 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.

11) The Directors have been provided with the copies of the NBFC (Establishment and Regulation) Rule, 2003, Companies Ordinance 1984, Listing Regulation, Code of Corporate Governance, Prudential Regulations, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the company and the funds and are aware of their duties and responsibilities.

12) The Directors' Report for the year ended June 30, 2007 has been prepared in compliance with the requirements of the Code of Corporate Governance.

13) The financial statements of the Company were duly signed by the CEO and CFO before approval of the Board.

14) The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.

15) The Company has complied with all the corporate and financial reporting framework requirements of the Code.

16) The Board has formed an audit committee. It comprises of three members, majority of whom are non-executive directors including the Chairman of the committee.

17) The terms of reference of the committee have been formed and advised to the committee for compliance.

18) There exists an effective internal audit function in the 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, 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.

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) We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Faisal Bengali
Chief Executive Officer

Karachi: August 17, 2007

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 **AKD Opportunity Fund** to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited 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 Management Company'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 Management Company to comply with the Code.

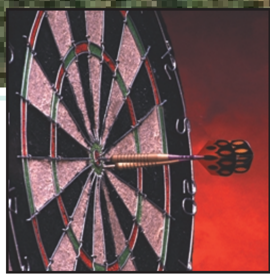
As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express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

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 compliance of the Management Company of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2007.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi: August 17, 2007

Targeted Success



"Success is not what you achieve, but what you achieve for others."

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **AKD OPPORTUNITY FUND** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2007, and the income statement, distribution statement, statement of movement in unit holders' funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation 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 June 30, 2007, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and NBFC Rules.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi: August 17, 2007

Financial Statements

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2007

	Note	2007	2006
		Rupees in '000'	
ASSETS			
Bank balances	4	**136,687**	97,407
Investments - held for trading	5	**891,833**	1,076,923
Receivable against sale of securities		**7,381**	-
Dividend and profit receivable	6	**2,821**	8,372
Preliminary and floatation costs	7	**-**	1,913
Security deposits		**1,100**	100
Total assets		**1,039,822**	1,184,715
LIABILITIES			
Payable against purchase of securities		**31,928**	44,158
Payable on redemption of units		**2,150**	4,172
Payable to management company	8	**2,997**	7,597
Remuneration payable to trustee		**159**	172
Annual fee payable to Securities and Exchange Commission of Pakistan		**1,016**	298
Accrued expenses and other liabilities	9	**549**	451
Total liabilities		**38,799**	56,848
NET ASSETS		**1,001,023**	1,127,867
Unit holders' funds (as per statement attached)		**1,001,023**	1,127,867
		(Number of Units)	
Number of units in issue		**15,913,919**	25,462,550
		(Rupees)	
Net assets value per unit (face value per unit is Rs.50/-)		**62.90**	44.30

The annexed notes from 1 to 25 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Faisal Bengali
Chief Executive Officer

Zahoor Motiwala
Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007

	Note	June 30, 2007	Period from April 01, 2006 to June 30, 2006
		Rupees in '000'	
INCOME			
Capital gain / (loss) on sale of investments - held for trading		**236,572**	(15,580)
Dividend income		**37,255**	8,362
Return on bank balances		**20,519**	15,727
Element of income and capital gains in prices of units sold less those in units redeemed		**(3,060)**	(2,440)
Income from Continuous Funding System		**700**	-
Other Income		**30**	-
		292,016	6,069
Appreciation / (diminution) on remeasurement of investment - held for trading		**104,023**	(137,503)
		396,039	(131,434)
EXPENSES			
Remuneration to management company	10	**30,488**	8,952
Remuneration to trustee	11	**1,968**	548
Annual fee to Securities and Exchange Commission of Pakistan	12	**1,016**	298
Securities transaction cost		**7,875**	2,459
Auditors' remuneration	13	**188**	138
Amortization of preliminary and floatation costs	7	**1,913**	638
Others	14	**2,006**	793
		45,454	13,826
Income / (loss) for the year/ period carried to Distribution Statement		**350,585**	(145,260)

The annexed notes from 1 to 25 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Faisal Bengali
Chief Executive Officer

Zahoor Motiwala
Director

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007

	June 30, 2007	Period from April 01, 2006 to June 30, 2006
	Rupees in '000'	
Unappropriated loss brought forward	**(145,260)**	-
Income/ (loss) for the year / period	**350,585**	(145,260)
Unappropriated profit / (loss) carried forward	**205,325**	(145,260)

The annexed notes from 1 to 25 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Faisal Bengali
Chief Executive Officer

Zahoor Motiwala
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	June 30, 2007	Period from April 01, 2006 to June 30, 2006
	Rupees in '000'	
Net assets at beginning of the period	**1,127,867**	-
Issue of 8,744,712 units(2006: 30,130,802 units)	**475,815**	1,491,389
Redemption of 18,293,343 units (2006: 4,668,252 units)	**(956,304)**	(220,702)
	(480,489)	1,270,687
Element of income and capital gains in prices of units sold less those in units redeemed	**3,060**	2,440
Income/(loss) for the year / period	**350,585**	(145,260)
Net assets at end of the year / period	**1,001,023**	1,127,867

The annexed notes from 1 to 25 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Faisal Bengali
Chief Executive Officer

Zahoor Motiwala
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2007

		June 30, 2007	Period from April 01, 2006 to June 30, 2006
		Rupees in '000'	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Income / (loss) for the year / period		**350,585**	(145,260)
Adjustments for:			
(Appreciation)/ diminution on remeasurement of investment - held for trading		**(104,023)**	137,503
Element of income and capital gain in prices of units sold less those in units redeemed		**3,060**	2,440
Amortization of preliminary and floatation costs		**1,913**	638
		251,535	(4,679)
(Increase) / decrease in assets			
Investment - held for trading		**289,113**	(1,214,426)
Receivable against sale of securities		**(7,381)**	-
Dividend and profit receivable		**5,551**	(8,372)
Preliminary and floatation cost		**-**	(2,551)
Security deposits		**(1,000)**	(100)
		286,283	(1,225,449)
Increase / (decreases) in liabilities			
Payable against purchase of securities		**(12,230)**	44,158
Payable on redemption of units		**(2,022)**	4,172
Payable to management company		**(4,600)**	7,597
Remuneration payable to trustee		**(13)**	172
Annual fee payable to Securities and Exchange Commission of Pakistan		**718**	298
Accrued expenses and other liabilities		**98**	451
		(18,049)	56,848
Net cash from / (used in) operating activities	A	**519,769**	(1,173,280)
B. CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issue of units		**475,815**	1,491,389
Amount paid on redemption of units		**(956,304)**	(220,702)
Net cash (used in) / from financing activities	B	**(480,489)**	1,270,687
Net increase in cash and cash equivalents during the year / period	A+B	**39,280**	97,407
Bank balance at beginning of the year/ period		**97,407**	-
Bank balance at end of the year/ period		**136,687**	97,407

The annexed notes from 1 to 25 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Faisal Bengali
Chief Executive Officer

Zahoor Motiwala
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Opportunity Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on December 7, 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 19, 2005 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The policy of the fund is to invest primarily in listed securities and fixed income, money and capital market investments.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with requirements of the Trust Deed, NBFC Rules, Companies Ordinance, 1984, directives issued by the SECP and approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the NBFC Rules, Companies Ordinance, 1984 or directives issued by SECP differ with the requirements of these standards, the requirements of the NBFC Rules, Companies Ordinance, 1984 and the said directives take precedence.

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

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after January 1, 2007 are either not relevant to Fund's operations or are not expected to have significant impact on the Fund's financial statements other than increased disclosures in certain cases: -

IAS 1 - Presentation of financial statements - amendments relating to capital disclosures	Effective from accounting period beginning on or after January 1, 2007
IFRS 2 - Share based payment	effective from accounting period beginning on or after January 1, 2007
IFRS 3 - Business combinations	effective from accounting period beginning on or after January 1, 2007
IFRS 5 - Non-current assets held for sale and discontinued operations	effective from accounting period beginning on or after January 1, 2007
IFRS 6 - Exploration for and evaluation of mineral resources	effective from accounting period beginning on or after January 1, 2007
IFRIC 10 - Interim financial reporting and impairment	effective from accounting period beginning on or after November 1, 2006
IFRIC 11 - Group and treasury share transactions	effective from accounting period beginning on or after March 1, 2007
IFRIC 12 - Services concession arrangements	effective from accounting period beginning on or after January 1, 2008
IFRIC 13 - Customer loyalty programmes	effective from accounting period beginning on or after July 1, 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investment - held for trading and derivative financial instrument, which are stated at fair value.

3.2 Investments

Held for trading

An investment held for trading is acquired principally for the purpose of generating profit from short-term fluctuations in prices. These are initially measured at fair value which is the quoted bid price at stock exchange at the date when the Fund commits to purchase the investments, Subsequently, the resultant gain or loss on remeasurement of value of investment is recognised in the income statement.

Available for sale

Other investments are classified as available for sale and are initially measured at fair value which is the quoted bid price at stock exchange at the date when the Fund commits to purchase the investment. Changes in fair value of all available for sale investments are recognised in units holders' fund.

Held to maturity

Only those securities are classified as held to maturity which have fixed or determinable payments and fixed maturity that the Fund has positive intent and ability to hold up to maturity.

Securities that are not traded in market and for which reliable quotes are not available, are carried at cost in accordance with NBFC Rules 2-xxxiv (i).

All regular purchases / sales of investments are recognised on the trade date i.e. the date that the Fund commits to purchase / sell the asset. Purchases or sales of investment require delivery of securities within three days after the transaction date as per stock exchange regulations.

3.3 Derivatives Financial Instruments

Derivative financial instruments held by the Fund generally comprise of unpaid right letters. These are initially measured at fair value. The fair value of a derivative is based on quoted bid price of the Stock Exchange ruling at the balance sheet date. Subsequently, the resultant gain or loss on remeasurement of value of derivative is recognised in income statement.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by International Accounting Standard - 39, Recognition and Measurement of Financial Instruments (IAS-39), consequently hedge accounting is not used by the Fund.

3.4 Securities under Repurchase / Resale Agreement

Transaction of purchase under resale (reverse- repo) of marketable and government securities,including the securities purchased under Continuous Funding System, are enterend into at contracted rates for specific periods of time. Securities purchase with a corresponding commitment to resell at a specified futures dates (reverse-repo) are not recognised in the statement of assets and liabilities. Amount paid under these agreement are included in receivable in respect of reverse repurchase transaction / against Continuous Funding System. The difference between purchase and resale price is treated as income from reverse repurchase transaction / Continuous Funding System and accrued over the period of the reverse- repo agreement / Continuous Funding System transaction.

Transaction of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified period of time. Securities sold with a simultaneous commitment to repurchase at a specific future date (repos) continue to be recognized in the statemnet of assets and liabilities and are measured in accordance with accounting policies for investment in securities. The counterparty liabilities for amount received under these transaction are recorded as liabilities. The difference between sale and repurchase price treated as borrowing charges and accrued over the period of the repo agreement.

3.5 Issue and redemption of units

Units are issued at the offer price prevalent at the end of the day in which the units are issued. The offer price represents the net asset value of units at the end of the day plus the allowable sales load and such sum shall be adjusted upward to the nearest 5 paisa. The sales load is payable to the distribution company and the management company as processing fee. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price prevailing at the end of the day in which the units are redeemed. The redemption price represents the net assets value at the end of the day and shall be adjusted downwards to the nearest 5 paisa. Redemption of units is recorded on acceptance of application for redemption.

3.6 Element of income and capital gains in prices of units sold less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalization account called "element of income and capital gains in prices of units sold less those in units redeemed" is created.

The "element of income and capital gain in prices of units sold less those in units redeemed" account is credited with the amount representing net income in capital gain accounted for in the last announced net assets value and included in the sale proceeds of units. Upon redemption of units, the "element of income and capital gains in prices of units sold less those in units redeemed" account is debited with the amount representing net income and capital gains accounted for in the last announced net asset value and included in the redemption price.

The net "element of income and capital gain in prices of units sold less those in units redeemed" during an accounting period is transferred to the income statement.

3.7 Revenue recognition

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

Dividend income is recognised when the right to receive the dividend is established.

Income on debt securities and deposit on bank deposit are recognised on an accrual basis using the effective interest rate method.

Income on Continuous Funding System, and bank deposits is recognised on a time proportionate basis.

3.8 Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.9 Net Asset Value per Unit

The Net Asset Value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.10 Taxation

The charge for the current taxation is based on taxable income, if any, at the current rates of taxation after taking into account any available tax credits and tax rebates.

3.11 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund, and are stated at cost less accumulated amortisation. These costs are amortised over a period of twelve months.

3.12 Offsetting of financial instruments

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

3.13 Financial assets and financial liabilities

Financial assets carried on the statement of assets and liabilities include bank balances, receivable against sale of securities, investments - held for trading and dividend and profit receivable.

Financial liabilities carried on the statement of assets and liabilities include payable against purchase of securities, payable on redemption of units, payable to management company, remuneration payable to trustee and accrued expenses and other liabilities.

At the time of initial recognition, all financial assets and financial liabilities are measured at fair value. All the financial assets and financial liabilities are recognized at the time when the Fund becomes a party to the contract. The particular recognition method adopted for measurement of financial assets and financial liabilities investments subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

3.14 Transactions with connected person

Transactions between the Fund and its "connected persons", as defined in the NBFC Rules, are carried out on an arm's length basis and are disclosed in note 15 to these financial statements.

3.15 Critical accounting estimates and judgements

In the process of applying the Fund's accounting policies, the management has not identified any area where critical judgments have been exercised which have significant impact on the financial statements. Further, there are no key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date that have significant risks of causing a material adjustment within the next financial year.

	Note	2007	2006
		(Rupees in '000')	
4. BANK BALANCES			
In deposit and PLS accounts	4.1	**136,663**	97,382
In current accounts		**24**	25
		136,687	97,407

4.1 It carries markup at the rate ranging from 9% to 12.25% per annum (2006 : 10% to 11.25%)

5. INVESTMENTS - HELD FOR TRADING

The holding are in the fully paid ordinary shares / certificates of Rs 10/- each.

	Number of Shares / Certificates					Value of Shares / Certificates					Percentage in relation to		
Name of the investee	Opening balance	Purchases	Sales	Bonus / Right issue	Closing balance	Cost	Book value	Market value per share / certificate	Market value	Unrealised appreciation/ (diminution)	Net asset of the Fund	Investee paid up capital	Total book value of Investment
						(Rs.'000')	(Rs.'000')	— Rupees —	(Rs.'000')	(Rs.'000')			
Modarabas													
Standard Chartered Modaraba	498,500	-	280,500	49,850	267,850	4,140	4,237	13.60	3,643	(594)	0.36	0.62	0.54
Investment Banks / Inv Cos./ Securities Cos.													
Pakistan Industrial Credit and Investment Corporation Limited	-	2,727,500	2,740,500	13,000	-	-	-	-	-	-	-	-	-
Commercial Banks													
Bank AlFalah Limited	-	475,000	565,000	90,000	-	-	-	-	-	-	-	-	-
Allied Bank Limited	-	200,000	125,000	-	75,000	8,811	8,811	138.95	10,421	1,610	1.04	0.01	1.12
Askari Commerical Bank Limited	-	700,000	200,000	-	500,000	45,718	45,718	105.90	52,950	7,233	5.29	0.17	5.80
Bank of Khyber Ltd**	-	244,000	-	839,500	1,083,500	15,129	15,129	16.50	17,878	2,749	1.79	0.27	1.92
Bank of Khyber Ltd (R)**	-	839,500	-	(839,500)	-	-	-	-	-	-	-	-	-
Faysal Bank Limited	-	825,000	825,000	-	-	-	-	-	-	-	-	-	-
MCB Bank Limited	341,200	975,000	1,334,950	18,750	-	-	-	-	-	-	-	-	-
National Bank of Pakistan	535,000	660,000	895,000	34,500	334,500	80,965	80,587	262.00	87,639	7,052	8.75	0.04	10.23
PICIC Commercial Bank Ltd	-	786,000	786,000	-	-	-	-	-	-	-	-	-	-
The Bank of Punjab Limited	1,000,000	1,125,000	1,952,000	127,413	300,413	32,650	32,650	116.50	34,998	2,348	3.50	0.08	4.14
United Bank Limited	-	191,800	191,800	-	-	-	-	-	-	-	-	-	-
						183,273	182,895	.	203,886		20.37		23.21
Insurance													
Pakistan Reinsurance Company Limited	-	60,200	60,200	-	-	-	-	-	-	-	-	-	-
Adamjee Insurance Co. Limited	-	350,000	350,000	-	-	-	-	-	-	-	-	-	-
						-	-		-		-		-
Textile Composite													
Artistic Denim Mills Limited	-	275,000	125,000	100,000	250,000	16,250	16,250	69.50	17,375	1,125	1.74	0.36	2.06
Nishat (Chunian) Limited	-	175,000	175,000	-	-	-	-	-	-	-	-	-	-
Nishat Mills Limited	-	581,300	306,300	-	275,000	34,645	34,645	130.45	35,874	1,229	3.58	0.17	4.40
						50,895	50,895		53,249		5.32		6.46
Synthetics & Rayon													
Dewan Salman Fibre Limited	200,000	300,000	500,000	-	-	-	-	-	-	-	-	-	-
Sugar & Allied Industries													
J.D.W. Sugar Mills Limited	123,500	30,000	10,000	28,700	172,200	14,056	12,140	70.35	12,114	(26)	1.21	0.55	1.54

Name of the investee	Number of Shares / Certificates: Opening balance	Purchases	Sales	Bonus / Right issue	Closing balance	Value of Shares / Certificates: Cost	Book value	Market value per share / certificate	Market value	Unrealised appreciation/ (diminution)	Percentage in relation to: Net asset of the Fund	Investee paid up capital	Total book value of Investment
						(Rs.'000')	(Rs.'000')	– Rupees –	(Rs.'000')	(Rs.'000')			
Cement													
D.G.Khan Cement Company Limited **	450,000	2,150,000	2,700,000	100,000	-	-	-	-	-	-	-	-	-
D.G.Khan Cement Company Limited (R)**	50,000	-	-	(50,000)	-	-	-	-	-	-	-	-	-
Attock Cement (Pakistan) Limited	-	168,400	-	-	168,400	20,853	20,853	122.45	20,621	(232)	2.06	0.23	2.65
Lucky Cement Limited	-	800,000	800,000	-	-	-	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	250,000	500,000	750,000	-	-	-	-	-	-	-	-	-	-
						20,853	20,853		20,621		2.06		2.65
Tobacco													
Pakistan Tobacco Company Limited	37,400	-	37,400	-	-	-	-	-	-	-	-	-	-
Refinery													
National Refinery Limited	-	26,200	-	-	26,200	9,017	9,017	341.00	8,934	(83)	0.89	0.04	1.14
Power Generation & Distribution													
Hub Power Company Limited	-	1,300,000	800,000	-	500,000	16,214	16,214	36.70	18,350	2,136	1.83	0.04	2.06
Kohinoor Energy Limited	-	255,000	-	-	255,000	9,434	9,434	37.50	9,563	129	0.96	0.15	1.20
Kot Addu Power Company Limited	485,500	794,500	1,280,000	-	-	-	-	-	-	-	-	-	-
						25,648	25,648		27,913		2.79		3.26
Oil & Gas Marketing Companies													
Pakistan State Oil Company Limited	100,000	687,500	602,500	-	185,000	66,504	66,504	391.45	72,419	5,915	7.23	0.11	8.44
Sui Northern Gas Pipelines Limited	358,300	1,000	359,300	-	-	-	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	1,030,500	-	530,500	-	500,000	21,251	14,450	25.80	12,900	(1,550)	1.29	0.07	1.83
						87,755	80,954		85,319		8.52		10.27
Oil & Gas Exploration Companies													
Oil & Gas Development Company Limited	875,000	1,015,110	1,215,000	-	675,110	86,259	84,509	119.80	80,878	(3,631)	8.08	0.02	10.73
Pakistan Oilfields Limited	120,000	335,000	385,000	-	70,000	24,023	24,023	317.00	22,190	(1,833)	2.22	0.04	3.05
Pakistan Petroleum Limited	485,000	485,000	620,000	-	350,000	87,431	82,978	262.45	91,858	8,880	9.18	0.05	10.53
						197,713	191,510		194,926		19.48		24.31
Engineering													
Crescent Steel & Allied Products Limited	-	100,000	-	-	100,000	6,348	6,348	71.00	7,100	752	0.71	0.21	0.81
K.S.B.Pumps Company Limited	39,500	-	-	-	39,500	3,284	3,749	159.95	6,318	2,569	0.63	0.33	0.48
						9,632	10,097	.	13,418		1.34		1.29
Automobile Assembler													
AL-Ghazi Tractors Limited *	57,100	20,000	-	-	77,100	17,011	16,103	285.00	21,974	5,871	2.20	0.18	2.04
Ghandara Industries Limited	-	67,000	-	-	67,000	3,419	3,419	53.20	3,564	145	0.36	0.31	0.43
Honda Atlas Cars (Pakistan) Limited	-	25,000	25,000	-	-	-	-	-	-	-	-	-	-
Indus Motor Company Limited	-	54,600	54,600	-	-	-	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	82,500	37,300	47,300	41,250	113,750	25,704	26,895	392.00	44,590	17,695	4.45	0.14	3.41
						46,134	46,417		70,128		7.01		5.88

	Number of Shares / Certificates					Value of Shares / Certificates					Percentage in relation to		
Name of the investee	Opening balance	Purchases	Sales	Bonus / Right issue	Closing balance	Cost	Book value	Market value per share / certificate	Market value	Unrealised appreciation/ (diminution)	Net asset of the Fund	Investee paid up capital	Total book value of Investment
						(Rs.'000')	(Rs.'000')	-- Rupees --	(Rs.'000')	(Rs.'000')			
Transport													
Pakistan National Shipping Corporation Ltd.	-	117,600	-	-	117,600	10,185	10,185	94.00	11,054	869	1.10	0.09	1.29
Technology & Communication													
Pakistan Telecommunication Company Limited	1,655,400	1,675,000	3,330,400	-	-	-	-	-	-	-	-	-	-
Telecard Limited	-	500,000	500,000	-	-	-	-	-	-	-	-	-	-
TRG Pakistan Limited	-	1,950,000	200,000	-	1,750,000	20,385	20,385	16.40	28,700	8,315	2.87	0.47	2.59
WorldCall Telecom Limited	-	1,775,000	425,000	-	1,350,000	23,460	23,460	18.35	24,773	1,312	2.47	0.18	2.98
						43,845	43,845		53,473		5.34		5.57
Fertilizer													
Engro Chemicals Pakistan Limited	380,600	500,000	756,400	-	124,200	23,183	22,424	253.00	31,423	8,999	3.14	0.07	2.85
Engro Chemicals Pakistan Limited - Right	-	-	-	26,250	26,250	-	-	128.00	3,360	3,360	0.34	0.02	-
Fauji Fertilizer Bin Qasim Limited	1,550,000	2,025,000	2,725,000	-	850,000	32,475	32,475	39.00	33,150	675	3.31	0.09	4.12
Fauji Fertilizer Company Limited	653,700	25,000	678,700	-	-	-	-	-	-	-	-	-	-
						55,658	54,899		67,933		6.79		6.97
Chemicals													
ICI Pakistan Limited	305,900	115,000	84,100	-	336,800	39,373	37,292	167.10	56,279	18,987	5.62	0.24	4.73
Paper & Board													
Century Paper & Board Mills Limited	200,000	-	57,000	-	143,000	8,294	6,927	62.55	8,945	2,017	0.89	0.22	0.88
Packages Limited	66,100	15,000	84,555	3,455	-	-	-	-	-	-	-	-	-
						8,294	6,927		8,945		0.89		0.88
June 30, 2007	**11,930,700**	**29,039,510**	**30,470,005**	**583,168**	**11,083,373**	**806,471**	**787,810**		**891,833**	**104,023**			
June 30, 2006	-	13,639,800	1,839,100	130,000	11,930,700	1,214,426	1,214,426		1,076,923	(137,503)			

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

** During the period these right shares were subscribed and added to ordinary shares.

	2007	2006
	(Rupees in '000')	

6. DIVIDEND AND PROFIT RECEIVABLE

	2007	2006
Dividend receivable	**1,950**	7,508
Profit receivable on PLS accounts	**871**	864
	2,821	8,372

7. PRELIMINARY AND FLOATATION COSTS

	2007	2006
Total Cost	**2,551**	2,551
Less: Accumulated amortisation	**(2,551)**	(638)
	-	1,913

8. PAYABLE TO MANAGEMENT COMPANY

	2007	2006
Management remuneration	**2,383**	2,697
Sales load	**343**	2,247
Preliminary and floatation costs	**-**	2,550
Others	**271**	103
	2,997	7,597

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	2007	2006
Auditors' remuneration	**159**	138
Withholding tax payable	**141**	78
Payable to distributors	**170**	196
Remuneration payable to Mutual Fund Association of Pakistan	**-**	30
Billing charges payable to Central Depository Company of Pakistan Limited	**16**	9
Zakat payable	**63**	-
	549	451

10. REMUNERATION TO MANAGEMENT COMPANY

Under the provisions of NBFC Rules, AKDIML is entitled to a remuneration, during the first five years of the fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. AKDIML has charged its remuneration at the rate of three percent for the current period.

11. REMUNERATION TO TRUSTEE

The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified there in based the daily Net Asset Value of the Fund.

12. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provision of NBFC Rules, open end fund is required to pay as annual fee to SECP, an amount equal to one-tenth of one percent of the average annual net assets of the Fund.

	June 30, 2007	Period from April 01, 2006 to June 30, 2006
	(Rupees in '000')	
13. AUDITORS' REMUNERATION		
Annual audit fee	**125**	125
Half yearly review	**35**	-
Other Certification	**15**	-
Out of pocket	**13**	13
	188	138
14. OTHERS		
CDC charges	**129**	33
Bank Charges	**225**	12
Legal And Professional Charges	**25**	-
Fees and subscription	**-**	10
KSE Listing Fee	**35**	-
MUFAP Fee	**-**	30
NCC Fee	**7**	-
Advertising Expenses	**1,585**	708
	2,006	793

15. TAXATION

The Fund is exempt from tax under clause 99 of part 1 of Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realized or unrealized, is distributed among its unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

16. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include AKD Investment Management Limited being the Management Company and Aqeel Karim Dhedhi Securities (Pvt) Limited being a company under common management.

	June 30, 2007	Period from April 01, 2006 to June 30, 2006
AKD Investment Management Limited		
Remuneration	**30,488**	8,952
Sales load	**3,213**	6,068
Aqeel Karim Dhedhi Securities (Pvt) Limited		
Brokerage	**636**	237

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments - held for trading are carried at their fair value. The management is of the view that the fair market value of most of the remaining financial assets and liabilities are not significantly different from their carrying values.

18. YIELD / INTEREST RATE RISK

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest / markup rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest/ mark-up based assets and liabilities that mature or reprice in a given period.

18.1 Mark-up / interest rate risk exposure

The management company manages this risk with the objective of limiting the potential adverse impact on the profitability of the Fund.

The Fund's exposure to interest rate risk and the effective rates on its financial assets and liabilities are summarized as follows: -

	Effective yield / interest rates (%)	Mark-up / interest upto three months	Non mark-up / interest bearing	Total
		(Rupees in '000')		
Financial Assets				
Bank balances	9% - 12.25%	136,663	24	136,687
Investments - held for trading		-	891,833	891,833
Receivable against sale of securities		-	7,381	7,381
Dividend and profit receivable		-	2,821	2,821
Security deposits		-	1,100	1,100
		136,663	903,159	1,039,822
Financial Liabilities				
Payable against purchase of securities		-	31,928	31,928
Payable on redemption of units		-	2,150	2,150
Payable to management company		-	2,997	2,997
Remuneration payable to trustee		-	159	159
Accrued expenses and other liabilities		-	549	549
		-	37,783	37,783
On Balance sheet gap 2007		136,663	865,376	1,002,039
On Balance sheet gap 2006		97,382	1,141,870	1,239,252

19. MARKET RISK

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market price. The Fund manages its market risk by monitoring exposure on marketable securities as per the internal guidelines of the management company.

20. CREDIT RISK

Credit risk arises from the inability of the counter-parties to meet the obligation. Fund enters into transactions with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

21. LIQUIDITY RISK

Liquidity risk is the risk that an enterprise will encounter difficulty in raising Funds to meet commitments associated with financial instruments. The Fund is not materially exposed to liquidity risk as all obligations/ commitments of the Fund are short term in nature and restricted to the extend of available liquidity and all assets of the fund are readily disposable in the market.

	2007	2006

22. PERFORMANCE TABLE

	2007	2006
Net assets value (Rs. '000')	**1,001,023**	1,127,867
Net assets Value per Unit (Rs.)	**62.90**	44.30
Highest offer price per unit (Rs.)	**64.70**	52.55
Lowest redemption price per unit (Rs.)	**42.50**	38.25

23. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company has approved a cash dividend of Rs.5/- per unit for the year ended June 30, 2007, amounting to Rs.79.570 million in total in their meeting held on July 11, 2007. These financial statements do not reflect this distribution.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 17, 2007 by the Board of Directors of the Management Company.

25. FIGURES

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

For AKD Investment Management Limited
(Management Company)

Faisal Bengali	Zahoor Motiwala
Chief Executive Officer	Director

AKD Investment Management Ltd.

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