

Funds Managed by:  
**AKD Investment Management Ltd.**

Annual Report  
**2010**

**Partner  
with AKDIML,  
Benefit from our  
Experience**



**AKD**  
Income Fund

**AKD**  
Opportunity Fund

**AKD**  
Index Tracker Fund



AKD Investment  
Management Ltd.

# AKD Index Tracker Fund

## Financial Statements - 2010

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# AKD Index Tracker Fund



## MANAGEMENT COMPANY

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

### 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  
CDC House 99-B, Block-B  
S.M.C.H.S., Main Shakra-e-Faisal,  
Karachi.

### BANKERS

Bank Alfalah Limited  
Bank Al-Habib Limited  
Habib Metropolitan Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Mybank Limited  
Standard Chartered Bank (Pakistan) Limited

### 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: 35375714 - 35836920.

### DISTRIBUTORS

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

### RATING

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

## FUND MANAGER'S REPORT

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### AKD INDEX TRACKER FUND PERFORMANCE

AKD Index Tracker Fund posted a return of 30.39% against KSE-100 return of 35.74%. The tracking error of the fund remained within the prescribed range mentioned in the Offering Documents. Despite the above AKDITF was ranked as the 2nd best performing open-end equity fund in FY10.

During the year under review the Fund was re-composed twice, first in October 2009 and subsequently in April 2010. A number of changes were made to reflect the Index. However, the re-composition was intensive in April partially due to introduction of new sector classification by KSE. In the second re-composition, the Investment Committee also expanded the Index coverage of the Fund to meet regulatory requirements. Although, this has increased the liquidity risk of the Fund, the Committee has managed to mitigate the risk by selectively investing more in liquid securities. The focus of the Investment Committee through out the year has been on striving to reduce the tracking error of AKDITF.

The performance of AKDITF shows that once an investor has taken the asset allocation decision to obtain exposure to listed stocks, the Index Tracker Fund is a good, low cost vehicle to invest in without worrying about fund manager strategy, style or competence.

Given the recently attractive broad market valuations with forward PER of less than 8x and price to book of just under 1.5x, along with expected dividend yield of 8%, the Investment Committee believes that exposure to equities may hold investors in good stead over a twelve month investment horizon. True, the full upside potential of equities may be some what capped in the near term due to elevated macro level uncertainties and high interest rates. At the same time, for longer term investors, being completely out from equities may lead to higher opportunity cost than retaining a small exposure to this asset class. It should be noted that over a 20 year period, Pakistan equities have provided a return of over 17% p.a. despite year-on-year volatility as the country went through a series of political and economic crisis. In this regard, keeping some exposure to AKD Index Tracker Fund may prove rewarding.

### DISTRIBUTION FOR THE YEAR

The Board has approved a bonus of Rs.1.40 per unit, 22.05% on the opening NAV and 14% of the par value of Rs.10.00 for FY10.

## DETAILS OF PATTERN OF HOLDING (UNITS)

AS AT JUNE 30, 2010

Particulars	Unit Holders	Units Holding	Percentage
Individuals	907	2,115,189	11.41
Asset Management Company	1	492,256	2.66
Directors	1	36,201	0.20
Insurance Companies	1	41,156	0.22
Retirement Funds	6	15,468,061	83.46
Public Ltd Companies	2	46,960	0.25
Others	8	333,995	1.80
<b>Total</b>	<b>926</b>	<b>18,533,817</b>	<b>100.00</b>

## TRUSTEE REPORT TO THE UNIT HOLDERS

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### **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**

AKD Index Tracker Fund (the Fund), initially established as a closed-end fund under a trust deed dated January 03, 2005, executed between AKD Investment Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee. Pursuant to the first supplemental trust deed dated May 02, 2007 the Fund was converted into an open-end scheme with effect from July 01, 2007

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2010 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.

Karachi, October 12, 2010

**Muhammad Hanif Jakhura**

Chief Executive Officer

Central Depository Company of Pakistan Limited

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE 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 Index Tracker Fund (Fund) to comply with the Code of Corporate Governance as contained in Chapter XI 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 Management Company has applied the principles contained in the Code of Corporate Governance as follows:

- 1) The Management Company encourages representation of independent non-executive directors. At present the Board has three 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 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 member of stock exchange, has been declared as a defaulter by such stock exchange.
- 4) During the year two casual vacancies occurred in the Board which were filled up by the Board within 30 days thereof.
- 5) The Management Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
- 6) The Board has developed a vision and mission statement, overall corporate strategy 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, remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.
- 8) No new appointment of CFO and Company Secretary has been made during the year.
- 9) 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.
- 10) The Directors have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, Companies Ordinance 1984, Listing Regulations, 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.
- 11) The Directors' Report for the year ended June 30, 2010 has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

- 12) The financial statements of the Fund were duly signed by the CEO and CFO before approval of the Board.
- 13) 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.
- 14) The Management Company has complied with all the corporate and financial reporting framework requirements of the Code.
- 15) The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the committee.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Management Company has outsourced the internal audit function of the Company to M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Fund.
- 18) 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.
- 19) 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.
- 20) The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions. Majority of the related party transactions of the Fund are governed under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the transactions which are not governed under the said regulations are carried at arm's length prices.
- 21) We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Karachi: October 8, 2010

**Nadeem Naqvi**  
Chief Executive Officer



## REVIEW REPORT TO THE UNIT HOLDERS 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 Investment Management Limited (the asset management company) of AKD Index Tracker Fund** to comply with the Listing Regulation 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 Company. 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 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 Company personnel and review of various documents prepared by the Company 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 have not carried out any special review of the internal control system to enable us to express an opinion whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code of Corporate Governance requires board of directors to approve related party transactions bifurcating 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. In this connection we are only required and have ensured compliance of requirement to the extent of board of directors approving the related party transactions in the aforesaid manner. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price.

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 as applicable to the Fund for the year ended June 30, 2010.

Karachi: October 8, 2010

**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **AKD Index Tracker Fund** (the Fund), which comprises the statement of assets and liabilities as at June 30, 2010, and the related income statement, statement of other comprehensive income, distribution statement, cash flow statement and statement of movements in unit holders' fund for the year ended, and a summary of significant accounting policies and other explanatory notes.

### Management Company's Responsibility for the Financial Statements

The 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, Non-Banking Finance Companies and Notified Entities Regulations, 2008, Non-Banking Finance Companies (Establishment and Regulation ) Rules, 2003 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 auditor's 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, 2010 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, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

Karachi: October 8, 2010

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

## STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2010

	Note	2010 Rupees in '000'	2009
<b>ASSETS</b>			
Investments	5	150,623	165,630
Bank balances	6	2,537	50,944
Dividend and other receivables	7	1,614	1,513
Security deposit		2,600	2,600
Preliminary expenses and floatation cost	8	-	1,500
Conversion cost	9	898	1,348
<b>Total Assets</b>		<b>158,272</b>	<b>223,535</b>
<b>LIABILITIES</b>			
Payable to management company	10	1,595	3,132
Remuneration payable to trustee		58	58
Annual fee payable to Securities and Exchange Commission of Pakistan		184	235
Payable against redemption of units		1,460	-
Accrued expenses and other liabilities	11	271	217
Workers welfare fund	12	571	-
Unclaimed dividend		622	2,412
<b>Total Liabilities</b>		<b>4,761</b>	<b>6,054</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-	-
<b>NET ASSETS</b>		<b>153,511</b>	<b>217,481</b>
<b>Unit Holders' Funds (as per statement attached)</b>		<b>153,511</b>	<b>217,481</b>
		(Number of Units)	
<b>Number of units in issue</b>		<b>18,533,817</b>	<b>34,242,719</b>
		(Rupees)	
<b>Net asset value per unit (Face value per unit Rs.10/-)</b>		<b>8.28</b>	<b>6.35</b>

In compliance with SRO 150 (1)/2009 dated February 13, 2009 issued by the Securities and Exchange Commission of Pakistan (SECP), during the year ended June 30, 2010, the Fund recognized impairment loss of Rs. 2.616 million (2009 : Rs. 63.951 million).

The annexed notes from 1 to 31 form an integral part of these financial statements.

For AKD Investment Management Limited  
(Management Company)

\_\_\_\_\_  
**Nadeem Naqvi**  
Chief Executive Officer

\_\_\_\_\_  
**Imran Motiwala**  
Director

## INCOME STATEMENT

## FOR THE YEAR ENDED JUNE 30, 2010

INCOME	Note	2010 Rupees in '000'	2009
<b>Investment income/(loss)</b>			
Capital loss on sale of investments		(16,345)	(57,830)
Dividend income		10,963	11,918
Mark up on deposit accounts		1,539	4,185
		(3,843)	(41,727)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed		40,095	7,709
Impairment loss on securities classified as 'available for sale'		(2,616)	(63,951)
		33,636	(97,969)
<b>OPERATING EXPENSES</b>			
Remuneration to management company	14	1,454	1,808
Remuneration to trustee	15	700	700
Annual fee to Securities and Exchange Commission of Pakistan	16	184	235
Auditors' remuneration	17	250	256
Amortisation of preliminary expenses and floatation cost	8	1,500	1,500
Amortisation of conversion cost	9	450	450
Workers welfare fund		571	-
Others	18	536	491
		5,645	5,440
<b>Net income / (loss) for the year carried to statement of other comprehensive income</b>		<u>27,991</u>	<u>(103,409)</u>
<b>Earnings per unit</b>	4.9		

In compliance with SRO 150 (1)/2009 dated February 13, 2009 issued by the Securities and Exchange Commission of Pakistan (SECP), during the year ended June 30, 2010, the Fund recognized impairment loss of Rs. 2.616 million (2009 : Rs. 63.951 million).

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

\_\_\_\_\_  
**Nadeem Naqvi**  
Chief Executive Officer

\_\_\_\_\_  
**Imran Motiwala**  
Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	2010	2009
	Rupees in '000'	
Net income/(loss) for the year	27,991	(103,409)
<b>Other Comprehensive Income</b>		
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealised capital loss that form part of the unit holders fund	(10,770)	(10,361)
Unrealised appreciation on remeasurement of investments classified as 'available for sale of investments'	59,665	(36,842)
	48,895	(47,203)
<b>Total comprehensive income/(loss) for the year</b>	<u>76,887</u>	<u>(150,612)</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

\_\_\_\_\_  
**Nadeem Naqvi**  
 Chief Executive Officer

\_\_\_\_\_  
**Imran Motiwala**  
 Director

## DISTRIBUTION STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	Rupees in '000'	
Undistributed income/ (loss) brought forward	(72,051)	59,739
Bonus units issued for the year ended June 30, 2008 @ Rs. 0.6 per unit distributed on July 07, 2008	-	(18,020)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealised capital loss that form part of the unit holders fund	(10,770)	(10,361)
Reversal of impairment loss recognised in available for sale investments	16,232	-
Net income / (loss) for the year	27,991	(103,409)
	<u>33,453</u>	<u>(131,790)</u>
Unallocated income / (loss) carried forward	<u>(38,598)</u>	<u>(72,051)</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

\_\_\_\_\_  
**Nadeem Naqvi**  
Chief Executive Officer

\_\_\_\_\_  
**Imran Motiwala**  
Director

## CASH FLOW STATEMENT

## FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees in '000'	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the year		27,991	(103,409)
<b>Adjustments for:</b>			
Amortisation of preliminary expenses and floatation cost		1,500	1,500
Amortisation of conversion cost		450	450
Impairment loss on securities classified as 'available for sale'		2,616	63,951
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed		(40,095)	(7,709)
		(7,538)	(45,217)
<b>Decrease/(Increase) in assets</b>			
Investments		88,289	69,299
Dividend and other receivables		(101)	653
		88,188	69,952
<b>(Decrease)/ Increase in liabilities</b>			
Payable to management company		(1,537)	(6,138)
Remuneration payable to trustee		-	(3)
Annual fee payable to Securities and Exchange Commission of Pakistan		(51)	(337)
Payable against redemption of units		1,460	(1,168)
Accrued expenses and other liabilities		54	(7)
Workers welfare fund		571	-
		497	(7,653)
<b>Net cash generated from operating activities</b>		81,147	17,082
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid during the year		(1,790)	(6)
Amount received on issuance of units		16,110	72,381
Amount paid on redemption of units		(143,874)	(50,956)
<b>Net cash (used in )/ generated from financing activities</b>		(129,554)	21,419
<b>Net (decrease)/ increase in cash and cash equivalents during the year</b>		(48,407)	38,501
<b>Cash and cash equivalents at beginning of the year</b>		50,944	12,443
<b>Cash and cash equivalents at end of the year</b>	6	2,537	50,944

For AKD Investment Management Limited  
(Management Company)

**Nadeem Naqvi**  
Chief Executive Officer

**Imran Motiwala**  
Director

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

### FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	Rupees in '000'	
Net assets at beginning of year	217,481	344,016
<b>Amount received on issue of units :</b>		
Number of units Issued: for the year ended 2010: 1,985,381 units (2009: 8,283,552 units)	16,110	72,381
<b>Amount paid on redemption of units :</b>		
Number of units redeemed: for the year ended 2010: 17,694,283 units (2009: 5,733,732 units)	(143,874)	(50,956)
	(127,764)	21,425
Element of (income)/loss and capital (gains)/losses in prices of units sold less those in units redeemed		
- amount representing income and realised capital gains transferred to income statement	(40,095)	(7,709)
- amount representing unrealised capital loss transferred directly to distribution statement	10,770	10,361
	(29,325)	2,652
<b>Total comprehensive income/(loss) for the year</b>	76,887	(150,612)
Reversal of impairment loss on available for sale investments	16,232	-
<b>Net assets at the end of the year</b>	<u>153,511</u>	<u>217,481</u>
Net asset value per unit (face value per unit Rs: 10/-)	<u>8.28</u>	<u>6.35</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

\_\_\_\_\_  
**Nadeem Naqvi**  
Chief Executive Officer

\_\_\_\_\_  
**Imran Motiwala**  
Director



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 AKD Index Tracker Fund (The Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as Asset Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on May 02, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 12, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).
- 1.2 The Management Company of the Fund has obtained a license to act as an Asset Management Company under the NBFC Rules from SECP. Registered office of the Management Company is situated at Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sind.
- 1.3 It is an open-ended mutual fund and is listed on the Karachi Stock Exchange. Its units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering the same to the Fund.
- 1.4 The objective of the Fund is to invest in the market according to the weightage prescribed by the Karachi Stock Exchange in KSE-100 index, eliminating specific sector/stock risk, reliance on market timings and Fund Manager's performance.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.
- 1.6 Management Quality rating of 'AM3' has been assigned to Management Company by JCR-VIS Credit Rating Company Limited on September 14, 2010. Due to specialised nature of the Fund, performance ranking of the Fund is not taken, as the comparable benchmark is not available.

### 2. STATEMENT OF COMPLIANCE

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

#### 2.2 Adoption of new International Financial Reporting Standards

IAS 1 (Revised), 'Presentation of financial statements' is effective from July 1, 2009. The revised standard prohibits the presentation of items of income and expenses (i.e., 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Fund has applied IAS 1 (revised) from July 1, 2009 and has adopted to present two statements.

The change in presentation has not effected the value of the net assets of the Fund for either the current or any of the prior periods and hence a restated balance sheet has not been presented.

IFRS 8, 'Operating segments' is effective from 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The Investment Committee of the Management Company has been identified as the chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segment.

The Investment Committee is responsible for the Fund's entire portfolio and considers the Fund to have a single operating segment. The Investment Committee asset allocation decisions are based on a single, targeted investment strategy, and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the Investment Committee for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRSs. The Fund has no assets classified as non-current assets.

The Fund is domiciled in Pakistan. All of the Fund's income is from investments in entities incorporated in Pakistan.

### 2.3 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has no significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Amendments to IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance	January 01, 2009
Amendments to IAS 40 - Investment Property	January 01, 2009
Amendments to IAS 23 - Borrowing Costs	January 01, 2009
IFRS 2 - Share-based Payment : Vesting Conditions and Cancellations	January 01, 2009
IFRS 3 - Business Combinations (Revised) and IAS 27 - Consolidated and Separate Financial Statements (Amended) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39	July 01, 2009
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	July 01, 2009
IAS 32- Financial Instruments : Presentation and IAS 1 Puttable Financial Instruments and Obligations arising on Liquidation	January 01, 2009
IAS 38 - Intangible Assets	January 01, 2009
IAS 39 - Financial Instruments : Recognition and Measurement - Eligible Hedged Items	July 01, 2009
IFRIC 9 - Remeasurement of Embedded derivatives and IAS 39 Financial Instruments : Recognition and Measurement	July 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 17 - Distribution of Non-cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfers of Assets from Customers	July 01, 2009

**2.4 Standards, amendments and interpretations to published approved accounting standards that are not yet effective.**

IFRS 9 - Financial Instruments	January 01, 2013
Amendments to IFRS 1 - First -time Adoption of International Financial Reporting Standards- Additional Exemption for First-time Adopters	January 01, 2010
Amendments to IFRS 2 - Share based Payment-Group Cash -settled Share-based Payment Transactions	January 01, 2010
Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	January 01, 2010
Amendments to IFRS 8 - Operating Segments	January 01, 2010
Amendments to IAS 1 - Presentation of Financial Statements	January 01, 2010
Amendments to IAS 7 - Statement of Cash Flows	January 01, 2010
Amendments to IAS 17 - Leases	January 01, 2010
Amendments to IAS 36 - Impairment of Assets	January 01, 2010
Revised IAS 24 - Related Party Disclosures	January 01, 2011
IFRIC – 17 Distributions of Non-cash Assets to Owners	July 01, 2009
Amendments IFRS 3 – Business Combinations	July 01, 2010
Amendment to IAS 32 - Financial Instruments: Presentation – Classification of Rights Issues	January 01, 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010
Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	January 01, 2011

**3. BASIS OF PREPARATION**

**3.1 Accounting convention**

These financial statements have been prepared under the historical cost convention, except for investment - available for sale , which are stated at fair value.

**3.2 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund.

**3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The significant area where judgments were made by the management in the application of accounting policies relate to classification and measurement of its investment portfolio as disclosed in notes 4.1 and 5 of these financial statements.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Investment

All purchases and sale of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the asset. The management company determines the appropriate classification of the Fund's investment in accordance with the requirement of International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement', at the time of purchase. Investment of the Fund are categorised as follows:

#### a) Financial assets at fair value through profit or loss - Held for trading

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as "fair value through profit or loss - held for trading". These investments are initially recognised at fair value which is the quoted bid price at stock exchange at the date when the Fund commits to purchase the investments and the transaction cost associated with the investments are taken directly to the income statement. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried on the statement of assets and liabilities at fair value. The fair value of financial instrument traded in an active market is based on quoted market prices. Net gains and losses arising on changes in fair value of these investments are taken to income statement in the period in which they arise.

#### b) Available for sale

Available for sale financial assets are non-derivatives that are either designated in this category or are not classified as at fair value through profit or loss, loans and receivable or held to maturity. These financial assets are intended to held for an indefinite period of time which may be sold in response to need for liquidity or changes 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 investment plus transaction costs that are directly attributable to the acquisition of the investments. Subsequent to initial recognition, 'available for sale' investments are measured at fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity until the available for sale investment is derecognised. At this time, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

### 4.2 Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and either (a) the Company has transferred substantially all risks and rewards of ownership or (b) the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred the control of the asset.

### 4.3 Derivatives Financial Instruments

Derivatives instruments held by the Fund generally comprise of unpaid right letter. These are initially 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. Subsequently, the resultant gain or loss on remeasurement of value of derivative financial instrument is recognised in income statement.

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

#### 4.4 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 one 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 one paisa. Redemption of units is recorded on acceptance of application for redemption.

#### 4.5 Element of income and capital gains included 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 and 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 "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, while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealized gains / (losses) held by the Fund in unit Holders' Fund is recorded in a separate account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to unit holders.

#### 4.6 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.

#### 4.7 Provisions

Provisions are recognised 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.

#### 4.8 Net asset value per unit

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

#### 4.9 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

#### 4.10 Taxation

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

The Fund has not recognised any amount of deferred tax in these financial statements as the Fund intends to continue availing tax exemption in future years by distributing at least 90% of the accounting income for the year as reduced by capital gain, whether realised or unrealised to its unit holders every year.

#### 4.11 Offsetting financial instruments

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

#### 4.12 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 investment classified as 'financial assets at fair value through profit or loss' and transaction costs that may be incurred on disposal which are charged as expense when incurred. 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.

#### 4.13 Impairment

##### Financial assets

The carrying amount of the Fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement except as described below.

##### Available - for -sale financial investments

For available-for-sale financial investments, the company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from equity and recognised in the profit and loss account. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the profit and loss account.

#### 4.14 Dividend distributions and appropriations

Dividend distributions and appropriations are recognised as liability in the period in which the distributions and appropriations are approved.



#### 4.15 Revenue recognition

- Gains or 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.
- Markup on bank deposits are recognised on time proportionate basis.
- Gains/ ( losses ) arising on revaluation of derivatives to the fair values are taken to income statement.

#### 4.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of balances with the banks in current accounts, saving accounts and other deposits with bank having original maturities of three months or less.

#### 4.17 Preliminary expenses and floatation cost

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund, and are stated at cost less accumulated amortization. These expenses had to be amortized over a period of five years starting from the year 2005-2006, which has been amortized accordingly.

#### 4.18 Conversion costs

Conversion costs represent expenditure incurred in connection with the conversion of AKDITF into an open end scheme and include fees paid to the SECP and other expenses. These costs are amortised over a period of five years beginning from the year 2007-2008 as per clause 11.3 of the post conversion trust deed of the scheme.

**5. INVESTMENTS  
IN MARKETABLE SECURITIES - AVAILABLE FOR SALE**  
(Face value of Rs. 10/- each unless stated otherwise)

Name of Investee	Number of Shares					Balance as at June 30, 2010				Percentage in relation to	
	As at July 01, 2009	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2010	* Cost	Book value	Market value	Unrealised appreciation/ (diminution)	Net assets of the Fund	Total market value of Investment
----- Rupees in '000' -----											
<b>AUTOMOBILE &amp; PARTS</b>											
Atlas Honda Limited	-	3,738	508	369	3,877	493	493	450	(43)	0.29	0.30
Indus Motor Company Limited	25,500	699	-	21,326	4,873	766	541	1,279	738	0.83	0.85
Pak Suzuki Motors Company Limited	8,000	-	-	2,977	5,023	447	341	398	57	0.26	0.26
					<b>13,773</b>	<b>1,706</b>	<b>1,375</b>	<b>2,127</b>	<b>752</b>		
<b>BANKS</b>											
Allied Bank Limited	61,732	18,114	4,638	36,120	48,364	2,371	1,756	2,754	998	1.79	1.83
Askari Bank Limited	44,500	3,411	6,591	15,115	39,387	831	502	599	97	0.39	0.40
Bank Al Habib Limited	60,867	-	7,930	23,645	45,152	1,045	959	1,422	463	0.93	0.94
Bank Al-Falah Limited	120,901	7,389	-	44,352	83,938	1,345	889	794	(95)	0.52	0.53
Faysal Bank Limited	49,478	8,902	-	20,398	37,982	808	371	542	171	0.35	0.36
Habib Bank Limited	79,252	10,461	5,931	33,589	62,055	6,867	5,005	6,035	1,030	3.93	4.01
Habib Metropolitan Bank Limited	65,722	6,009	7,835	25,568	53,998	1,297	1,158	1,291	133	0.84	0.86
MCB Bank Limited	66,155	8,990	4,989	33,067	47,067	8,390	6,683	9,140	2,457	5.95	6.07
Meezan Bank Limited	54,438	8,427	2,168	21,666	43,367	613	454	631	177	0.41	0.42
National Bank of Pakistan Limited	107,112	19,456	20,932	64,262	83,238	5,494	4,516	5,336	820	3.48	3.54
NIB Bank Limited	351,800	32,375	-	133,043	251,132	1,350	1,198	751	(447)	0.49	0.50
Royal Bank of Scotland Limited	-	116,783	-	11,257	105,526	1,757	1,757	1,376	(381)	0.90	0.91
Samba Bank Limited	68,000	15,516	-	83,516	-	-	-	-	-	-	-
Soneri Bank Limited	40,626	6,523	7,552	17,181	37,520	483	405	316	(89)	0.21	0.21
Standard Chartered Bank (Pakistan) Limited	337,300	31,781	-	129,639	239,442	2,920	2,036	1,760	(276)	1.15	1.17
The Bank of Punjab	41,230	8,735	-	17,351	32,614	675	356	329	(27)	0.21	0.22
United Bank Limited	116,469	23,579	8,961	73,086	75,923	4,357	2,708	4,116	1,408	2.68	2.73
					<b>1,286,705</b>	<b>40,603</b>	<b>30,754</b>	<b>37,193</b>	<b>6,439</b>		
<b>CHEMICALS</b>											
Clariant Pakistan Limited	-	1,816	-	151	1,665	281	281	249	(32)	0.16	0.17
Dawood Hercules Chemicals Limited	9,018	1,361	709	3,620	7,468	1,390	868	1,310	442	0.85	0.87
Engro Corporation Limited	23,667	5,721	1,937	11,045	20,280	2,738	2,458	3,520	1,062	2.29	2.34
Engro Polymer & Chemicals Limited	-	41,265	-	327	40,938	605	605	411	(194)	0.27	0.27
Fauji Fertilizer Bin Qasim Limited	76,600	12,251	-	30,874	57,977	1,502	1,027	1,510	483	0.98	1.00
Fauji Fertilizer Company Limited	59,097	7,454	-	24,531	42,020	3,537	3,717	4,331	614	2.82	2.88
ICI Pakistan Limited	11,300	8,789	-	11,533	8,556	1,243	1,222	1,014	(208)	0.66	0.67
Lotte Pakistan PTA Limited	-	99,100	-	5,642	93,458	839	839	753	(86)	0.49	0.50
					<b>272,362</b>	<b>12,135</b>	<b>11,017</b>	<b>13,098</b>	<b>2,081</b>		
<b>CONSTRUCTION &amp; MATERIALS</b>											
Bestway Cement Limited	-	22,319	-	1,696	20,623	355	355	294	(61)	0.19	0.20
D.G. Khan Cement Limited	81,300	10,596	9,645	82,619	18,922	568	513	447	(66)	0.29	0.30
Fauji Cement Company Limited	-	46,361	-	3,168	43,193	282	282	197	(85)	0.13	0.13
Gharibwal Cement Limited	-	15,341	-	1,070	14,271	183	183	86	(97)	0.06	0.06
Lafarge Pakistan Cement Limited	-	88,767	-	6,748	82,019	403	403	225	(178)	0.15	0.15
Lucky Cement Limited	59,200	4,655	-	43,816	20,039	1,360	1,204	1,245	41	0.81	0.83
					<b>199,067</b>	<b>3,151</b>	<b>2,940</b>	<b>2,494</b>	<b>(446)</b>		
<b>ELECTRICITY</b>											
Hub Power Company Limited	111,900	7,324	-	47,662	71,562	1,896	1,954	2,287	333	1.49	1.52
Karachi Electric Supply Corporation Limited (Face value Rs. 3.5/- each)	-	154,646	-	16,380	138,266	418	418	308	(110)	0.20	0.20
Kohinoor Energy Limited	-	11,236	-	817	10,419	329	329	276	(53)	0.18	0.18
Kot Addu Power Company Limited	99,800	7,542	-	53,008	54,334	1,988	2,311	2,268	(43)	1.48	1.51
					<b>274,581</b>	<b>4,631</b>	<b>5,012</b>	<b>5,139</b>	<b>127</b>		



Name of Investee	Number of Shares				Balance as at June 30, 2010				Percentage in relation to		
	As at July 01, 2009	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2010	* Cost	Book value	Market value	Unrealised appreciation/ (diminution)	Net assets of the Fund	Total market value of Investment
----- Rupees in '000' -----											
<b>EQUITY INVESTMENT INSTRUMENTS</b>											
PICIC Growth Fund	-	19,418	-	2,039	17,379	228	228	161	(67)	0.10	0.11
<b>FINANCIAL SERVICES</b>											
Arif Habib Securities Limited	30,918	4,481	-	12,221	23,178	1,158	646	770	124	0.50	0.51
First Capital Securities Corporation Limited	26,757	-	-	26,757	-	-	-	-	-	-	-
Jahangir Siddiqui and Company Limited	57,652	14,879	-	25,640	46,891	1,909	1,100	593	(507)	0.39	0.39
JS Global Capital Limited	5,459	-	-	5,459	-	-	-	-	-	-	-
JS Investment Limited	4	-	-	4	-	-	-	-	-	-	-
					<b>70,069</b>	<b>3,068</b>	<b>1,746</b>	<b>1,363</b>	<b>(383)</b>		
<b>FIXED LINE TELECOMMUNICATION</b>											
Pakistan Telecommunication Limited "A"	341,500	65,394	-	173,166	233,728	4,989	4,092	4,160	68	2.71	2.76
WorldCall Telecom Limited	-	56,540	-	4,003	52,537	252	252	153	(99)	0.10	0.10
					<b>286,265</b>	<b>5,241</b>	<b>4,344</b>	<b>4,313</b>	<b>(31)</b>		
<b>SUPPORT SERVICES</b>											
TRG Pakistan Limited	-	22,447	-	118	22,329	117	117	92	(25)	0.06	0.06
<b>FOOD PRODUCERS</b>											
Nestle Pakistan Limited	4,700	129	-	2,026	2,803	2,795	3,093	4,723	1,630	3.08	3.14
Rafhan Maize Product Company limited	-	628	-	59	569	766	766	655	(111)	0.43	0.43
Unilever Pakistan Foods Limited	-	423	-	50	373	412	407	345	(62)	0.22	0.23
Unilever Pakistan Limited (Face value Rs. 50/- each)	3,100	890	-	3,166	824	1,550	1,647	3,201	1,554	2.09	2.13
					<b>4,569</b>	<b>5,523</b>	<b>5,913</b>	<b>8,924</b>	<b>3,011</b>		
<b>GAS WATER AND MULTIUTILITIES</b>											
Sui Northern Gas Pipelines Limited	44,900	7,608	-	18,598	33,910	942	1,069	942	(127)	0.61	0.63
Sui Southern Gas Company Limited	55,103	8,926	-	22,848	41,181	586	574	655	81	0.43	0.43
					<b>75,091</b>	<b>1,528</b>	<b>1,643</b>	<b>1,597</b>	<b>(46)</b>		
<b>GENERAL INDUSTRIALS</b>											
Ghani Glass Limited	-	6,658	-	602	6,056	346	346	345	(1)	0.22	0.23
Packages Limited	6,976	1,004	-	2,792	5,188	779	823	615	(208)	0.40	0.41
Siemens Engineering Limited	800	-	-	290	510	500	519	530	11	0.35	0.35
The Thal Industries Corporate Limited (Face value Rs. 5/- each)	-	3,507	-	358	3,149	255	255	299	44	0.19	0.20
					<b>14,903</b>	<b>1,880</b>	<b>1,943</b>	<b>1,789</b>	<b>(154)</b>		
<b>HOUSE HOLD GOODS</b>											
Pak Electron Limited	-	7,064	706	826	6,944	99	99	82	(17)	0.05	0.05
<b>INDUSTRIAL ENGINEERING</b>											
Al-Ghazi Tractors Limited (Face value Rs. 5/- each)	4,100	-	-	1,433	2,667	489	432	540	108	0.35	0.36
Millat Tractors Limited	-	1,880	470	537	1,813	597	561	871	310	0.57	0.58
					<b>4,480</b>	<b>1,086</b>	<b>993</b>	<b>1,411</b>	<b>418</b>		
<b>INDUSTRIAL METALS AND MINING</b>											
International Industries Limited	7,783	1,755	-	3,286	6,252	362	286	350	64	0.23	0.23

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----- Rupees in '000' -----											
<b>INDUSTRIAL TRANSPORTATION</b>											
Pakistan International Containers Limited	-	7,458	-	669	6,789	539	539	509	(30)	0.33	0.34
Pakistan National Shipping Corporation Limited	16,700	8,180	-	16,875	8,005	396	389	319	(70)	0.21	0.21
					<b>14,794</b>	<b>935</b>	<b>928</b>	<b>828</b>	<b>(100)</b>		
<b>LIFE INSURANCE</b>											
EFU Life Assurance Limited	6,250	907	648	2,588	5,217	717	471	406	(65)	0.26	0.27
<b>NON LIFE INSURANCE</b>											
Adamjee Insurance Company Limited	15,440	5,392	756	13,898	7,690	845	650	614	(36)	0.40	0.41
EFU General Insurance Limited	10,070	925	649	3,961	7,683	904	642	378	(264)	0.25	0.25
IGI Insurance Limited	-	4,127	825	535	4,417	344	344	307	(37)	0.20	0.20
New Jubilee Insurance Company Limited	5,520	596	852	2,031	4,937	238	210	295	85	0.19	0.20
Pakistan Reinsurance Company limited	24,688	3,670	-	9,878	18,480	549	650	316	(334)	0.21	0.21
					<b>43,207</b>	<b>2,880</b>	<b>2,496</b>	<b>1,910</b>	<b>(586)</b>		
<b>OIL &amp; GAS</b>											
Attock Petroleum Limited	4,760	705	-	1,919	3,546	1,105	1,154	1,027	(127)	0.67	0.68
Attock Refinery Limited	10,590	740	-	5,980	5,350	747	676	431	(245)	0.28	0.29
Mari Gas Company Limited	3,500	26	2,991	1,972	4,545	334	338	588	250	0.38	0.39
National Refinery Limited	6,180	1,451	-	2,720	4,911	979	1,082	898	(184)	0.58	0.60
Oil and Gas Development Company Limited	373,100	48,031	-	154,875	266,256	27,914	21,688	37,726	16,038	24.58	25.05
Pakistan Oil Field Limited	20,500	2,671	-	8,554	14,617	3,173	2,212	3,156	944	2.06	2.10
Pakistan Petroleum Limited	72,119	9,621	15,789	35,917	61,612	9,710	9,807	11,344	1,537	7.39	7.53
Pakistan Refinery Limited	-	2,314	-	185	2,129	229	229	167	(62)	0.11	0.11
Pakistan State Oil Company Limited	13,100	3,690	-	6,170	10,620	3,165	2,361	2,763	402	1.80	1.83
Shell Pakistan Limited	5,668	833	-	2,278	4,223	1,090	949	970	21	0.63	0.64
					<b>377,809</b>	<b>48,446</b>	<b>40,496</b>	<b>59,070</b>	<b>18,574</b>		
<b>PERSONAL GOODS</b>											
Azgard Nine Limited	-	30,565	-	3,205	27,360	390	390	305	(85)	0.20	0.20
Bata (Pakistan) Limited	-	521	-	52	469	328	323	273	(50)	0.18	0.18
Colgate Palmolive Pakistan Limited	-	1,867	-	181	1,686	870	870	989	119	0.64	0.66
Ibrahim Fibres Limited	44,200	620	-	25,385	19,435	709	579	664	85	0.43	0.44
Nishat Mills Limited	74,095	-	13,259	72,441	14,913	784	579	643	64	0.42	0.43
					<b>63,863</b>	<b>3,081</b>	<b>2,741</b>	<b>2,874</b>	<b>133</b>		
<b>PHARMA AND BIO TECH</b>											
Abbot Laboratories (Pakistan) Limited.	8,064	1,309	-	3,319	6,054	729	498	561	63	0.37	0.37
GlaxoSmithKline Pakistan Limited	13,987	2,302	-	5,753	10,536	1,195	1,272	855	(417)	0.56	0.57
					<b>16,590</b>	<b>1,924</b>	<b>1,770</b>	<b>1,416</b>	<b>(354)</b>		
<b>REAL ESTATE INVESTMENT AND SERVICES</b>											
Pace (Pakistan) Limited	-	19,509	-	2,884	16,625	93	93	59	(34)	0.04	0.04
<b>SOFTWARE AND COMPUTER SERVICES</b>											
NetSol Technologies Limited	-	5,533	-	570	4,963	146	146	124	(22)	0.08	0.08
<b>TOBACCO</b>											
Lakson Tobacco Company Limited	6,280	-	-	2,450	3,830	978	640	724	84	0.47	0.48
Pakistan Tobacco Company Limited	19,700	4,649	-	8,574	15,775	1,466	1,182	1,641	459	1.07	1.09
					<b>19,605</b>	<b>2,444</b>	<b>1,822</b>	<b>2,365</b>	<b>543</b>		
<b>TRAVEL AND LEISURE</b>											
Dreamworld Limited	-	2,174	-	1	2,173	1,249	1,249	1,038	(211)	0.68	0.69
Pakistan International Airlines Corporation Limited (A)	172,500	29,410	-	56,635	145,275	576	488	400	(88)	0.26	0.27
					<b>147,448</b>	<b>1,825</b>	<b>1,737</b>	<b>1,438</b>	<b>(299)</b>		
	<b>2010</b>					<b>143,848</b>	<b>121,110</b>	<b>150,623</b>	<b>29,513</b>		
	<b>2009</b>					<b>282,474</b>	<b>273,077</b>	<b>165,630</b>	<b>(107,447)</b>		

\*Cost of certain securities has been changed to its recoverable amount as per S.R.O 150 (1) 2009 issued by the Securities and Exchange Commission of Pakistan.

	Note	2010 Rupees in '000'	2009
<b>6. BANK BALANCES</b>			
Balances in			
- Deposit and PLS accounts	6.1	1,843	48,534
- Current account		694	2,410
		<u>2,537</u>	<u>50,944</u>
<b>6.1</b> The deposit and PLS account carry mark-up @ 5% to 12% (2009 : 5% to 15%) per annum.			
<b>7. DIVIDEND AND OTHER RECEIVABLES</b>			
Dividend receivables		827	1,053
Profit receivable on bank deposit		13	460
Receivables from brokers		774	-
		<u>1,614</u>	<u>1,513</u>
<b>8. PRELIMINARY EXPENSES AND FLOATATION COST</b>			
Opening balance at July 01		1,500	3,000
Less: Amortization during the year		(1,500)	(1,500)
Balance at June 30		-	1,500
<b>9. CONVERSION COST</b>			
Opening balance at July 01		1,348	1,798
Less: Amortization during the year		(450)	(450)
Balance at June 30		<u>898</u>	<u>1,348</u>
<b>10. PAYABLE TO MANAGEMENT COMPANY</b>			
Payable against formation and conversion cost		1,500	3,000
Payable against remuneration		95	132
		<u>1,595</u>	<u>3,132</u>
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		195	192
Other liabilities		76	25
		<u>271</u>	<u>217</u>

## 12. 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 applied. The Mutual Funds Association of Pakistan (MUFAP), on behalf of its members filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare the funds are not establishments and as a result are not liable to pay contribution to the WWF. The honorable Court has rejected the petition on the technical grounds and stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. In response, a petition has been filed with the honorable High Court of Sindh by some mutual funds through trustees alongwith few investors. However, subsequent to filing of the petition, the Ministry of Labour and Manpower issued into a letter which states that mutual funds are not liable to WWF. The clarification went on to state that WWF Ordinance 1971 does not have any provisions for the applicability of the WWF on those entities whose income are exempt from income tax under the provision of any law, and West Pakistan Shop and Establishment Ordinance, 1969 is not applicable to any public listed company and any organised financial institutions because they are ruled and governed by separate laws such as mutual funds.

The MUFAP, on behalf of its member AMCs, obtained a legal opinion to assess the implications of the letter issued by the Ministry of Labour and Manpower. The legal opinion, among other things, states that mutual funds are not required to provide for contribution to WWF and earlier provisioning, if any, can be reversed and the terms of the letter suggest that provisioning was neither required nor necessary. Further, opinion suggest that the petition filed with the High Court of Sindh be withdrawn.

However, on prudence basis, the management has made the provision of WWF in these financial statements.

## 13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at June 30, 2010 and June 30, 2009.

## 14. REMUNERATION TO MANAGEMENT COMPANY

Under the provisions of the NBFC Regulations, 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 0.75 percent for the current year (2009: 0.75 percent).

Average annual net assets	193,891	241,071
Remuneration (0.75% of average annual net assets)	<u>1,454</u>	<u>1,808</u>

## 15. REMUNERATION TO TRUSTEE

In accordance with Trust Deed, the trustee is entitled to monthly remuneration for services rendered to the Fund out of the Fund's Property based on annual tariff as follows: -

<u>Net Assets (Rupees)</u>	<u>TARIFF</u>
- Upto 1,000 million	Rs. 0.7 million or 0.20% of NAV whichever is higher
- Greater than 1,000 million	Rs. 2 million plus 0.10% of NAV exceeding Rs. 1,000 million.

The remuneration is paid monthly in arrears.

**16. ANNUAL FEE TO SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

Under the provision of the NBFC Regulations, the Fund is required to pay as annual fee to SECP, an amount equal to .095% of the average annual net assets of the Fund.

	2010	2009
	Rupees in '000'	
<b>17. AUDITORS' REMUNERATION</b>		
Statutory audit fee	160	160
Half-yearly review fee	45	45
Fee for review of code of corporate governance	25	25
Out of pocket expenses	20	26
	250	256
<b>18. OTHERS</b>		
Printing charges	243	298
National Clearing Company Pakistan Limited fee	139	4
CDC charges	12	12
KSE listing fee	40	35
Legal and professional	25	50
Fees and subscription	67	67
Bank charges	10	25
	536	491

**19. TAXATION**

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

The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

**20. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected person include AKD Investment Management Limited, being the asset management company of the Fund, Central Depository Company of Pakistan Limited being the trustee, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, being the associated companies of AKDIML, other collective investment schemes managed by the management company and directors and officers of the management company and their connected persons.

Remuneration payable to the management company and trustee is determined in accordance with the provisions of the NBFC Regulations and Trust Deed respectively.

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

	2010	2009
	Rupees in '000'	
<b>20.1 Transactions during the year</b>		
<b>AKD Investment Management Limited</b>		
Remuneration to management company	1,454	1,808
Payment made in respect of formation and conversion cost	1,500	1,500
Payment made on behalf of the Fund	-	183
Sales load paid	11	38
Redemption of units 81,614 (2009: Nil units)	700	-
Issue of bonus units Nil units (2009: 30,059)	-	326
<b>AKD Securities Limited- Brokerage House</b>		
Transfer in units - 422,110 units (2009: Nil units)	3,288	-
Redemption - 422,110 units (2009: Nil units)	3,284	-
<b>Directors and officers of the Fund</b>		
Purchase of units -36,201 units (2009: Nil units)	300	-
Issue of bonus units - Nil units (2009: 19,978 )	-	217
<b>AKD Investment Management Limited Staff Provident Fund</b>		
Issue of bonus units - Nil units (2009: 1,382)	-	15
<b>Central Depository Company of Pakistan - Trustee</b>		
Remuneration	700	700
CDS charges	12	12
<b>20.2 Balances outstanding at the year end</b>		
<b>Payable to AKD Investment Management Limited</b>		
Remuneration	95	132
Formation and conversion cost	1,500	3,000
<b>Payable to Central Depository Company of Pakistan - Trustee</b>		
Remuneration	58	58
CDS charges	1	1
	<b>Number of Units</b>	
<b>AKD Investment Management Limited</b>		
Number of units held	492,256	573,869
<b>Aqeel Karim Dhedhi</b>		
Number of units held	232	-
<b>Directors and officers of the Fund</b>		
Number of units held	36,201	386,407
<b>AKD Investment Management Limited Staff Provident Fund</b>		
Number of units held	26,382	26,382

## 21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Financial Risk Management

The Fund financial assets comprises of bank balance, available for sale investments and security deposits that arrive directly from their operations. The funds principal financial liabilities comprises of remuneration payable to management company, trustee, annual fee payable to SECP, payable against redemption of units and unclaimed dividend.

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which Fund is exposed and seeks to minimize potential adverse effects on the Funds financial performance.

The management of risk is carried out by the investment manager under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, market risk and the investment of excess liquidity etc.

The Fund uses different methods to measure and manage the various types of risks to which it is exposed, these are summarised below:

#### 21.1 Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, and derivative financial instruments.

##### a) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to any currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

##### b) Interest Rate Risk Management

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. As the Fund has no significant interest-bearing assets, the Fund's income and operating cash flows are substantially independent of changes in market interest rates. The management company through investment committee monitors the Fund's overall interest rate sensitivity on periodic basis.

##### Interest Rate Sensitivity

The Fund only asset which exposed to interest rate risk is bank balance amounts to Rs. 1.843 million (2009: Rs 48.299 million), other assets amounts to Rs. 153.530 million (2009:Rs. 172.227 million ) is not exposed to any interest rate risk. Further the Fund total liability amount to Rs 4.761 million (2009: Rs 6.054 million) is also not exposed to any interest rate risk.

The rates of return on financial instruments are as follows:  
Bank balances

	2010	2009
	Percentage per annum	
Bank balances	5% - 12%	5% - 15%



### c) Equity Price Risk Management

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the balance sheet as 'available for sale' financial assets. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible weightage prescribed by the Karachi Stock Exchange in KSE-100 index tracking up to 85%. 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 June 30, 2010, other components of equity would increase / decrease by Rs. 4.8 million (2009: Rs 6.04 million) as a result of gains / losses on equity securities classified as available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. 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 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2010 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

### 21.2 Credit Risk And Concentration Of Credit Risks

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from deposits with banks and financial institutions, and credit exposures arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a good credit rating. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Fund enters into transactions with diverse credit worthy counter parties thereby mitigating any significant concentration of credit risk.

### 21.3 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The management committee manages liquidity risk by following internal guidelines of the investment committee such as monitoring maturities of financial assets and financial liabilities and investing in highly liquid financial assets. The Fund is not materially exposed to liquidity risk as all its obligations / commitments are short term in nature and are restricted to the extent of available liquidity and all assets of the Fund are readily disposable in the market.

#### Liquidity risk sensitivity

Company's contractual maturity for its non-derivative financial liabilities total amounting to Rs 4,761 million is non interest bearing and payable upto three months (2009: 3 months).



#### 21.4 Fair value of financial instruments

Investments are carried at their fair values. The management company is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The management company is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying values

#### 22. Capital Risk Management

The Fund's capital is represented by redeemable units. They are entitled to dividend and to payment of a proportionate unit based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. The Fund has no restrictions or specific capital requirements on the subscription and redemption of units. The Fund's objective when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for unit holders and to maintain an optimal fund structure to reduce the cost of the Fund.

#### 23. LIST OF TOP TEN BROKERS IN ORDER OF PERCENTAGE OF COMMISSION PAID

	<b>2010</b>
	<b>Percentage of commission paid</b>
i) Elixir Securities Pakistan (Private) Limited	22.37
ii) Habib Metropolitan Financial Services Limited	18.23
iii) Invisor Securities (Private) Limited	17.16
iv) Investment Managers Securities (Private) Limited	13.25
v) IGI Finex Securities Limited	11.01
vi) Foundation Securities (Private) Limited	9.98
vii) Global Securities Pakistan Limited	7.99
	<b>2009</b>
	<b>Percentage of commission paid</b>
i) Elixir Securities Pakistan (Private) Limited	40.38
ii) Investment Managers Securities (Private) Limited	19.61
iii) KASB Securities Limited	11.73
iv) Invisor Securities (Private) Limited	10.16
v) Foundation Securities (Private) Limited	8.91
vi) Alfalah Securities (Private) Limited	4.90
vii) Global Securities Pakistan Limited	3.94
viii) AKD Securities Limited	0.28
ix) Saao Capital (Private) Limited	0.09

#### 24. PERFORMANCE TABLE

The fund was launched on November 21, 2005 as closed end scheme and was converted in to an open end scheme with effect from July 01, 2007.

	<b>2010</b>	<b>2009</b>	<b>2008</b>
Total net assets value - Rupees in '000	153,511	217,481	344,016
Net assets value per unit - Rupees	8.28	6.35	11.45
Net income /(loss) for the year - Rupees in '000	27,991	(103,409)	18,931
Return of the Fund - Rupees in '000			
- Income distribution - Rupees in '000	25,947	-	18,020
- Accumulated capital growth - Rupees in '000	(69,566)	(97,557)	5,852
Distribution per unit - Rupees	1.40	-	0.60
Selling price as at June 30 - Rupees	8.37	6.42	11.57
Repurchase price as at June 30 - Rupees	8.28	6.35	11.45
Highest selling price during the year - Rupees	9.28	10.53	14.87
Lowest repurchase price during the year - Rupees	6.50	4.75	10.41

**Average annual return of the Fund**

	2010	2009	2008
- Last one year	30%	-41%	-15%
- Last two years	-6%	-28%	11%
- Last three years	-9%	-7%	11%

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 prices and investment returns may go down, as well as up.

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

Category	No. of Unit holders	As at June 30, 2010		
		Units held	Investment amount	% of total
Rupees in '000				
Individuals	907	2,115,188	17,520	11.41
Asset management company	1	492,256	4,077	2.66
Directors	1	36,201	300	0.20
Insurance companies	1	41,156	341	0.22
Retirement funds	6	15,468,061	128,118	83.46
Public Ltd Companies	2	46,960	389	0.25
Others	8	333,995	2,766	1.80
	<u>926</u>	<u>18,533,817</u>	<u>153,511</u>	<u>100.00</u>

Category	No. of Unit holders	As at June 30, 2009		
		Units held	Investment amount	% of total
Rupees in '000				
Individuals	969	3,119,930	19,815	9.11
Asset management company	1	573,869	3,645	1.68
Directors	1	381,407	2,423	1.11
Insurance companies	1	41,156	262	0.12
Banks / DFIs	3	13,693,774	86,971	39.99
Retirement funds	6	15,836,880	100,582	46.25
Others	14	595,703	3,783	1.74
	<u>995</u>	<u>34,242,719</u>	<u>217,481</u>	<u>100.00</u>

**26. PARTICULARS OF FUND MANAGER**

Name of fund manager	Qualification	Names of other funds managed
Ahmed Hassan	BBA	None
Muhammad Yaqoob	MBA	AKD Income Fund

**27. DETAIL OF MEMBERS OF INVESTMENT COMMITTEE OF THE MANAGEMENT COMPANY**

Name of members	Designation	Qualification	Experience in years
Mr. Nadeem Naqvi	Chief Executive Officer	MBA Finance	28
Mr. Imran Motiwala	Fund Manager: - Golden Arrow Selected Stocks Fund Limited - AKD Opportunity Fund	BBA	16
Mr. Muhammad Amin Hussain	Company Secretary and Chief Financial Officer	ACMA, ICS	26
Mr. Muhammad Yaqoob	Fund Manager: - AKD Index Tracker Fund - AKD Income Fund	MBA	6
Mr. Ahmed Hassan	Fund Manager: - AKD Index Tracker Fund	BBA	3
Mr. Danish Owais	Research Analyst	BBA	3

**28. ATTENDANCE OF MEETING OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

During the year, four meetings of Board of Directors were held on August 20, 2009, October 23, 2009, February 25, 2010 and April 29, 2010. The number of meetings attended by each director are as follows:

Name of Director	Held	Attended	Leave Granted
Mr. Farrukh Shoukat Ansari	4	3	1
Mr. Imran Motiwala	4	4	0
Mr. Faisal Bengali	4	2	0
Mr. Ashraf Adamjee	4	2	0
Mr. Zahoor Motiwala	4	4	0
Mr. Asif Ikram	4	2	2
Mr. Nadeem Naqvi *	4	2	0
Mr. Ali Qadir Gilani **	4	0	1
Mr. Taufiq Habib	4	3	1

\* Mr. Nadeem Naqvi appointed in place of Mr. Faisal Bengali on December 3, 2009.

\*\* Mr. Ali Qadir Gilani appointed in place of Mr. Ashraf Adamjee on April 8, 2010.

**29. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

**Dividend distribution**

The Board of Directors of the management Company has approved a dividend of Rs. 1.40 (2009: Nil ) for every unit held for the year ended 30 June 2010, amounting to Rs. 25.947 million (2009: Nil ) in total in their meeting held on 08 July 2010. The financial statements for the year ended 30 June 2010 do not include the effect of this appropriation which will be counted for in the financial statements for the year ending 30 June 2011.

**30. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue on October 8, 2010 by the Board of Directors of the management company.

**31. GENERAL**

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

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

\_\_\_\_\_  
**Nadeem Naqvi**  
Chief Executive Officer

\_\_\_\_\_  
**Imran Motiwala**  
Director



**AKD Investment  
Management Ltd.**

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