

Golden Arrow
SELECTED STOCKS FUND LIMITED



2012



annual report

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Experience**



Managed by: AKD Investment Management Ltd.

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Company Information

BOARD OF DIRECTORS

Chairman

Mr. Ahmed Abdul Sattar

Chief Executive Officer

Mr. Imran Motiwala

Directors

Mr. Aurangzeb Ali Naqvi

Ms. Ayesha Aqeel Dhedhi

Ms. Parveen Akhter Malik

Mr. Muhammad Amin Hussain

Mr. M. Ramzan Sheikh

CHIEF FINANCIAL OFFICER

Mr. Muhammad Munir Abdullah

COMPANY SECRETARY

Mr. Muhammad Yaqoob

AUDIT COMMITTEE

Ms. Parveen Akhter Malik (Chairperson)

Ms. Ayesha Aqeel Dhedhi (Member)

Mr. Aurangzeb Ali Naqvi (Member)

Mr. M. Ramzan Sheikh (Member)

Mr. Muhammad Yaqoob (Secretary)

MANAGEMENT COMPANY

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

INTERNAL AUDITORS

Rafaqat Mansha Mohsin

Dossani Mosoom & Co.

Chartered Accountants

Suite 113, 3rd Floor,

Hafeez Centre, KCHS,

Block 7 & 8, Shahrah-e-Faisal,

Karachi-75350

CUSTODIAN

Central Depository Company
of Pakistan Limited
CDC House 99-B, Block 'B'
S.M.CH.S., Main Shahra-e-Faisal,
Karachi-74400.

AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza,
Beaumont Road,
Karachi.

LEGAL ADVISER

Ali Daraz Siddiqui,
Room No. 201 Noorani Building,
Campbell Street, Opp. Distt. Court,
Karachi-74200.

REGISTERED OFFICE

216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000.

REGISTRAR & SHARE TRANSFER OFFICE

Noble Computer Services (Pvt.) Limited.
First Floor, House of Habib Building
(Siddiqsons Tower)
3-Jinnah Cooperative Housing Society,
Main Shahrah-e-Faisal, Karachi.
Tel: 34325482-87

RATING*

JCR-VIS: MFR 5-Star (3-year period)

JCR-VIS: MFR 5-Star (2-year period)

JCR-VIS: MFR 5-Star (1-year period)

*Updated by JCR-VIS Credit Rating Company Ltd.
vide letter Ref: AKD / 0074 dated August 16, 2012

MANAGEMENT COMPANY

JCR-VIS: AM3- (AM Three Minus)

Mission Statement

To set a standard of investing in better performing and result oriented securities by adopting best business practices and ethics.

Vision

To be a leading investment Company in Financial industry with diversifying its business activities by good asset allocation and generating better financial results and yield to the stakeholders.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Ninth Annual General Meeting of Golden Arrow Selected Stocks Fund Ltd will be held on Friday, 28 September, 2012 at 09:00 a.m. at The Institute of Chartered Accountants of Pakistan Auditorium, Chartered Accountants Avenue, Clifton, Karachi to transact the following business: -

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on September 21, 2011.
2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended June 30, 2012.
3. To approve the payment of final cash dividend @ 24% i.e. Rs. 1.20 per share of Rs.5/- each for the year ended June 30, 2012, as recommended by the Board of Directors.
4. To appoint Auditors of the Company and to fix their remuneration for the year ending June 30, 2013. The present Auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
5. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Karachi: August 15, 2012

Muhammad Yaqoob
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from September 21, 2012 to September 28, 2012 (both days inclusive). Physical scrips transfers / CDS transaction IDs received in order at the office of Share Registrar Noble Computer Services (Pvt.) Limited, First Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi at the close of the business day on September 20, 2012 will be treated in time for the entitlement to dividend and attend the Annual General Meeting.
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another member of the Company as his / her proxy to attend, speak and vote instead of him / her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies, in order to be effective, must be duly completed and signed and received at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Shareholders are requested to notify any change in their address immediately to the Share Registrar, Noble Computer Services (Pvt.) Limited.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No 1 of 2000 dated 26 January 2000 issued by Securities & Exchange Commission of Pakistan:

A. For attending the meeting:

- i) In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing of proxies:

- i) In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the regulations shall submit the proxy form as per requirement.
 - ii) The proxy form will be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the forms.
 - iii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
 - v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
5. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 779 (I) 2011 dated 18 August, 2011 dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

Accordingly, Members who have not yet submitted copy of their valid CNIC / NTN (in case of corporate entities) are requested to submit the same to the Company, with Members' folio no. mentioned thereon, for updating record.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Board of Directors of Golden Arrow Selected Stocks Fund Limited (GASSFL) is pleased to present its report along with financial statements of the Company for the fiscal year ended June 30, 2012.

COMPANY'S FINANCIAL PERFORMANCE

For the year ended June 30, 2012, GASSFL posted a return of 34.85% versus the KSE-100 Index return of 10.45%, a significant out performance of 24.4% viz a viz its Bench mark.

GASSFL posted a profit of PKR. 290.165 million against profit of PKR. 123.331 million in the same period last year. As a result, the Fund's NAV (Net Asset Value)/Share as of June 30, 2012 rose to PKR. 7.46 versus PKR. 5.58 (Ex-Dividend) as at June 30, 2011 indicating a growth of 33.69% as compared to last year's growth of 14.67%.

DIVIDEND

The Board of Directors of Golden Arrow Selected Stocks Fund Limited has pleasure in recommending final cash dividend at the rate of Rs. 1.20/Share for the Financial Year ended June 30, 2012, (2011: Re.0.75/Share), subject to the approval of the Shareholders in the Annual General Meeting.

INVESTMENT STRATEGY

The management of GASSFL continues to position the Company to take advantage of the investment opportunities available in the equity markets keeping in view local and global macroeconomic environments. The core philosophy of investment remains intact in terms of taking appropriate exposures in sectors and companies that are likely to exhibit long term growth and enhanced risk adjusted returns.

GASSFL is primarily an equity market mutual fund with minimal exposure to fixed income securities. The Fund's exposure in equities as of June 30, 2012 stood at 98.01%.

ECONOMIC REVIEW AND OUTLOOK

Pakistan's economy grew at the rate of 3.7% for the fiscal year 2012 below the target of 4.2%. The Industrial sector remained primarily affected by infrastructural weaknesses with gas and electricity outages and is therefore working under capacity. As a result, the sector grew only by 3.6% taking its due toll on exports. The Agricultural sector grew by only 3.1% short of the target of 3.4% in the back drop of floods which adversely affected the province of Sindh during the year. The Services sector was unable to perform and failed to achieve its target of 5.0% and grew by 4.0%. Foreign Direct Investment (FDI) continued to show a declining trend and decreased by an unprecedented 50% to USD 812mn versus USD 1.634bn last year. Increase in global commodity prices especially crude oil resulted in a current account deficit of USD 4.52bn versus a surplus of USD 0.21bn last year. Worker's Home remittances maintained its rising trend and reached a record USD13.2bn versus USD 11.2bn for the corresponding period.

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

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

For the fiscal year 2013, overall economic scenario is expected to improve. The premise that subsequent to the re-opening of the NATO supply routes to Afghanistan, financial assistance from the US and other bilateral and multilateral agencies would gradually resume. Additionally, a decline in the international commodity prices witnessed during the preceding months are expected to also reduce pressures on the current and fiscal accounts going forward.

Although, macroeconomic issues continued to hamper the economic growth of Pakistan in the fiscal year 2012, however your fund was still able to out perform the benchmark KSE-100 Index with a return of 34.85% versus the KSE-100 Index return of 10.45%, a significant out performance of 24.4% viz a viz its Bench mark.

EQUITY MARKET REVIEW AND OUTLOOK

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

Key features of Capital Gains Tax relief package include: 1) exception to disclose source of income for investors investing in the stock market till Jun-14 provided such investors remain invested in a single stock for minimum of 120 days 2) Freezing of CGT rates at current levels; 3) Waiving off withholding tax on sale transactions; and 4) Centralized collection and calculation of CGT by the National Clearing Company of Pakistan.

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

However, uncertainty and continuous depreciation of the Pak Rupee hindered foreign investor sentiment and as a result annual FIPI recorded a net outflow of USD 189.13 million. Rupee dollar parity is expected to stabilize as NATO supplies resume and Pakistan receiving the outstanding \$1.1 billion under the head of Coalition Support Fund, while reaching a new understanding with the IMF may be consequential.

Improvement in strategic and diplomatic relations with the US, coupled with further decline in international commodity prices (especially Crude Oil), the receipt of budgeted funds under the coalition support fund and aid from other bilateral and multilateral donor agencies plus a hopefully successful auction of 3G licenses, will likely provide relief to the soaring current account deficit going forward.

With inflation to remain in single digits for the fiscal year 2013 and State Bank's inclination towards the revival of the private sector credit off-take we believe interest rates to settle around 10% for the fiscal year 2013.

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

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- (a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- (b) Proper books of account of the Company have been maintained;
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- (e) The system of internal control is sound in design and has been effectively implemented and monitored; and
- (f) There are no doubts upon the Company's ability to continue as a going concern.

No.	Name of Director	Number of Meetings		
		Held	Attended	Leave Granted
1	Mr. Ahmed Abdul Sattar	4	4	0
2	Mr. Imran Motiwala	4	4	0
3	Mr. Taufique Habib	2	2	0
4	Miss Ayesha Aqeel Dhedhi	4	4	0
5	Mr. M. Ramzan Sheikh	4	0	4
6	Miss Parveen Akhter Malik	4	1	3
7	Mr. Muhammad Amin Hussain	4	2	2
8	Mr. Aurangzeb Ali Naqvi*	1	1	0

*Mr. Aurangzeb Ali Naqvi was appointed on February 28, 2012 in place of Mr. Taufique Habib.

RATING OF GOLDEN ARROW SELECTED STOCKS FUND LIMITED

JCR-VIS has assessed the performance ranking of Golden Arrow Selected Stocks Fund Limited (GASSFL) for the period December 31, 2011 at "MFR 4 Star", very good performance' viz a viz other closed end mutual funds based on 2 year period.

PATTERN OF SHAREHOLDING

The detailed pattern of Shareholding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is enclosed.

KEY FINANCIAL DATA AT A GLANCE

Key Financial Data for last six years at a glance is enclosed.

INVESTMENT POLICY

General nature of the business transacted and to be transacted by the Company will be the investing of its assets in securities. The purpose of the company is to provide a vehicle where by investors can invest their funds in securities under the direction of AKD Investment Management Limited, subject to the general control and directions of the Board of Directors. The objective of Company is to achieve superior returns through a combination of investment strategies, which includes investing in high earnings growth stocks, deep value and high dividend paying scrips. The Company has a strategy in place to limit capital losses when volatility rises in the stock market by diversifying into defensive stocks and fixed income securities. Stocks for the portfolio will be selected on the basis of fundamentals and authentic research from top quality Brokerage Houses.

APPOINTMENT OF AUDITORS

The Auditors, M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and offer themselves for reappointment. The Directors, on the recommendation of the Audit Committee proposed M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, as auditors for the year ending June 30, 2013, subject to the approval of the Shareholders in the Annual General Meeting.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Karachi: August 15, 2012

Imran Motiwala
Chief Executive Officer

FUND MANAGER'S REPORT

PERFORMANCE REVIEW FOR THE YEAR ENDED JUNE 30, 2012

Golden Arrow Selected Stocks Fund limited (GASSFL) posted an absolute return of 34.85% versus the benchmark KSE-100 return of 10.45%, thus significantly outperforming the index for the year ending 30 June 2012. The Fund's rating agency JCR-VIS as of June 30, 2012 (Published as of 16th August 2012), rated the GASSFL "5 Star" (the highest rating) which denotes a very good performance as the Fund also outperformed all its peer group funds for the year. Incidentally, this year's fund rating complimented the GASSFL three year average rating to "5 Star" as well. During the year the Fund earned realized and unrealized gains of PKR 169.734 million and PKR 93.989 million respectively, which accounts for Rs1.73/share and a return of 31.07% over the preceding year.

During the year the Fund focused on selectively picking stocks with strong growth prospects and were relatively undervalued; "Food Producers" sector is a prime example and an exceptional star performer of this sector, Engro Foods Limited contributed a great deal to the year end's performance where the Fund posted a realized gain of Rs79.96 million alone which represented 47.11% of the total realized gains of the Fund. Other key stocks that yielded relatively higher returns to the Fund were National Foods and Bank Al Falah which provided approximately 12.31% and 7.23% of the total realized gains. While Pak Data Com, TRG Pakistan and Soneri Bank Limited were the lead contributors towards the unrealized gains of 26.70%, 14.07% and 13.52% respectively of the total unrealized gains.

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

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

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

Sector Name	% of NAV	Return as of Financial Year 2012
Banks	19.26%	13%
Personal Goods	18.29%	13%
Multiutilities	11.00%	-7%
Food Producers	9.43%	9%
Chemicals	5.59%	-1%

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

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

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

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

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

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

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

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

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

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

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi and Lahore Stock Exchanges 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 CCG in the following manner:

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

Category	Name
Independent Directors	Mr. Ahmed Abdul Sattar Miss Parveen Akhter Malik Mr. M. Ramzan Sheikh
Executive Directors	Mr. Imran Motiwala
Non Executive Directors	Mr. Aurangzeb Ali Naqvi Mr. Muhammad Amin Hussain Miss Ayesha Aqeel Dhedhi

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

2. The directors have confirmed that none of them is serving as a director on more than ten listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the board on February 11, 2012 was filled up by the directors within 17 days.
5. The Company being an Investment Company has adopted the "Code of Conduct and Business Practices" of its Management Company. The statement is signed by all directors of the Company.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter during the year end June 2012. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Management Company has already appointed Chief Financial Officer and Company Secretary, for the company under its management including their remuneration and terms and conditions of employment as determined by the Board of Directors.

10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The board has formed an Audit Committee. It comprises of four members, of whom all are non-executive directors and the Chairman of the committee is an independent director.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Management Company has outsourced the internal audit function to Rafaqat Mansha Masoom Dossani & Company, Chartered Accountants, Karachi, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).
18. 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.
19. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities was determined and intimated to directors, employees and stock exchange(s).
20. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
21. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.
 - Arrangement of Training Program for the Directors of Golden Arrow Selected Stocks Fund Limited
 - Appointment of Head of Internal Audit

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: August 15, 2012

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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Golden Arrow Selected Stocks Fund Limited (the Company) to comply with the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's 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 are not required to consider 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.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended 30 June 2012.

We draw your attention to clause 21 of the Statement which mentions certain non-compliances with the Code.

Our opinion is not qualified in respect of the above matter.

Karachi: August 15, 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of assets and liabilities of **Golden Arrow Selected Stocks Fund Limited** as at **30 June 2012** and the related income statement, distribution statement, cash flow statement, statement of changes in equity and statement of movement in equity and reserves per share together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the management company to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion :
 - (i) the statement of assets and liabilities and the income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.2 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of assets and liabilities, income statement, distribution statement, cash flow statement, statement of changes in equity and statement of movement in equity and reserves per share together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of the income, its distribution, its cash flows, changes in equity and movement in equity and reserves per share and transactions for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw your attention to note 1.4 to the financial statements which indicates that the Company is required to hold a shareholders' meeting to seek approval regarding conversion of the Company to an open end collective investment scheme or wind up the Company. However, these financial statements have been prepared on a going concern basis for the reasons given in the above referred note.

Our opinion is not qualified in respect of the above matter.

The financial statements of the Company for the year ended 30 June 2011 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion vide their audit report dated 18 August 2011.

Karachi: August 15, 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Shabbir Yunus

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2012

	Note	2012	2011
		----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	14,569	10,047
Receivable against sale of investments		3,839	60,205
Investments	5	1,136,933	936,117
Dividend and other receivables	6	1,972	3,832
Security deposit	7	2,750	2,750
Total Assets		1,160,063	1,012,951
LIABILITIES			
Payable against purchase of investments		-	32,427
Remuneration payable to the Management Company	8	1,824	2,161
Accrued expenses and other liabilities	9	13,414	6,973
Unclaimed dividend		9,879	8,322
Total Liabilities		25,117	49,883
NET ASSETS		1,134,946	963,068
SHARE HOLDER'S EQUITY			
Authorised capital			
250,000,000 (June 30, 2011: 250,000,000)			
Ordinary shares of Rs.5 each		1,250,000	1,250,000
Issued, subscribed and paid-up capital			
Share capital	12	760,492	760,492
General reserve		500	500
Unrealised appreciation on re-measurement of investments classified as 'available-for-sale' - net	5.4	2,020	6,233
Undistributed income		371,934	195,843
		1,134,946	963,068
		----- (Rupees) -----	
NET ASSETS VALUE PER SHARE	13	7.46	6.33
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 30 form an integral part of these financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 ----- (Rupees in '000) -----	2011 -----
Income			
Capital gain on sale of investments - net	15	169,734	102,727
Dividend income		54,725	48,649
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.1	93,989	(10,459)
Unrealised gain on letter of rights		-	948
Income on term finance certificates		3,352	7,389
Profit on bank deposits		1,330	1,033
Other income		-	393
Total income		323,130	150,680
Operating expenses			
Remuneration of Management Company	8	18,157	19,661
Sales tax on remuneration of Management Company	10	2,905	-
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		862	934
Remuneration of custodian - Central Depository Company of Pakistan Limited (CDC)		632	590
Auditors' remuneration	16	304	318
Legal and professional charges		415	14
Annual listing fee		290	197
Central depository system charges		83	138
Fees and subscription		522	401
Securities transaction cost		1,994	1,636
Bank charges		6	7
Director's fee		71	65
Printing and postage expenses		747	802
Provision for Workers' Welfare Fund	11	5,922	2,517
Advertisement		55	69
Total expenses		32,965	27,349
Net income before taxation		290,165	123,331
Taxation	17	-	-
Net income for the year		290,165	123,331
Other comprehensive income			
Unrealised (diminution) / appreciation arising during the year on re-measurement of investments classified as 'available-for-sale' - net	5.4	(4,213)	558
Total comprehensive income for the year		285,952	123,889
----- (Rupees) -----			
Earnings per share	18	1.91	0.81

The annexed notes from 1 to 30 form an integral part of these financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	----- (Rupees in '000) -----	
Undistributed income brought forward	195,843	201,796
Net income after taxation for the period	290,165	123,331
Final dividend for the year ended June 30, 2011 @ 15% (Re.0.75 per share) [June 30, 2010 @ 17% (Re.0.85 per share)]	(114,074)	(129,284)
Undistributed income carried forward	<u>371,934</u>	<u>195,843</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

Note	2012 ----- (Rupees in '000) -----	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before taxation	290,165	123,331
Adjustments for non-cash and other items		
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(93,989)	10,459
Remuneration to the Management Company	18,157	19,661
Unrealised gain on letter of rights	-	(948)
Dividend income	(54,725)	(48,649)
Remuneration of custodian	715	590
	160,323	104,444
Decrease / (increase) in assets		
Receivable against sale of investments	56,366	(60,114)
Security deposit	-	(250)
Dividends and other receivables	2,244	(2,862)
	58,610	(63,226)
(Decrease) / increase in liabilities		
Payable against purchase of investments	(32,427)	32,228
Accrued expenses and other liabilities	6,431	2,398
	(25,996)	34,626
Net cash generated from operations	192,937	75,844
Proceeds from sale / redemption of investments	453,398	485,253
Payment against purchase of investments	(564,438)	(461,557)
Remuneration paid to the Management Company	(18,494)	(19,595)
Remuneration paid to custodian	(705)	(579)
Dividend received	54,341	48,498
Net cash generated from operating activities	117,039	127,864
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(112,517)	(127,715)
Net cash used in financing activities	(112,517)	(127,715)
Net increase in cash and cash equivalents	4,522	149
Cash and cash equivalents at the beginning of the year	19 10,047	9,898
Cash and cash equivalents at the end of the year	14,569	10,047

The annexed notes from 1 to 30 form an integral part of these financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012**

	Share Capital	General Reserves	Unrealised (diminution) / appreciation on re-measurement of investments classified as available-for- sale - net	Undistributed income	Total
	----- (Rupees in '000) -----				
Balance as at June 30, 2010	760,492	500	5,675	201,796	968,463
Net income for the year	-	-	-	123,331	123,331
Other comprehensive income for the year	-	-	558	-	558
Total comprehensive income for the year ended June 30, 2011	-	-	558	123,331	123,889
Final dividend for the year ended June 30, 2010 @ 17% (Re.0.85 per share)	-	-	-	(129,284)	(129,284)
Balance as at June 30, 2011	760,492	500	6,233	195,843	963,068
Net income for the year	-	-	-	290,165	290,165
Other comprehensive loss for the year	-	-	(4,213)	-	(4,213)
Total comprehensive income for the year ended June 30, 2012	-	-	(4,213)	290,165	285,952
Final dividend for the year ended June 30, 2011 @ 15% (Re.0.75 per share)	-	-	-	(114,074)	(114,074)
Balance as at June 30, 2012	760,492	500	2,020	371,934	1,134,946

The annexed notes from 1 to 30 form an integral part of these financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

**STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - PER SHARE
FOR THE YEAR ENDED JUNE 30, 2012**

	2012 ----- (Rupees) -----	2011 ----- (Rupees) -----
Net assets value per share at the beginning of the year	6.33	6.37
Capital gain on sale of investments - net	1.12	0.68
Dividend income	0.36	0.31
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	0.62	(0.07)
Unrealised gain on letter of rights	-	0.01
Income on term finance certificates	0.01	0.05
Profit on bank deposits	0.01	0.01
Net income for the period	2.12	0.99
Operating expenses	(0.21)	(0.18)
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	(0.03)	-
Final dividend for the year ended June 30, 2011 @ 15% (Re.0.75 per share) [June 30, 2010 @ 17% (Re.0.85 per share)]	(0.75)	(0.85)
Net assets value per share as at June 30	7.46	6.33

The annexed notes from 1 to 30 form an integral part of these financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

1. STATUS AND NATURE OF BUSINESS

- 1.1** Golden Arrow Selected Stocks Fund Limited (the Company) was incorporated on May 09, 1983 in Pakistan as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984). The Company got registered as an investment company on April 29, 2005 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC rules). The registered office of the Company is situated at 216-217, 2nd Floor, Continental Trade Centre, Block 8, Clifton, Karachi. The Company is listed on the Karachi and Lahore Stock Exchanges. The Company is a closed-end mutual fund and its principal activity is to make investment in marketable securities.
- 1.2** The Company is managed by AKD Investment Management Limited and Central Depository Company of Pakistan Limited is the custodian of the Company.
- 1.3** JCR-VIS Credit Rating Company Limited has assigned a management quality rating of 'AM3-' to the Management Company and Company performance ranking of 'MFR 4-Star' to the Company.
- 1.4** As per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, an asset management company managing an Investment Company shall, from the expiry of every five years from November 21, 2007, hold within one month of such period a meeting of shareholders to seek their approval (by special resolution) to convert the Investment Company into an Open End Scheme or wind up the Investment Company.

Hence, the future operations of the Company are dependent on the above referred approval from the shareholders of the Company. However, the management believes that the winding up of the Company will not have any material impact on the carrying amounts of assets and liabilities for the reason that such values are not materially different from the expected realisable / settlement amounts of the assets and liabilities of the Company. Accordingly, these financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 7 – Financial Instruments: Disclosures (Amendment)

IAS 24 – Related Party Disclosures (Revised)

IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7 - Financial Instruments: Disclosures - Clarification of disclosures

IAS 1 - Presentation of Financial Statements - Clarification of statement of changes in equity

IAS 34 - Interim Financial Reporting - Significant events and transactions

IFRIC 13 - Customer Loyalty Programmes - Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

2.3 New and amended standards and interpretations that are not yet effective and have not been early adopted

Following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation or amendment:

Standard, Interpretation or Amendment	Effective date (accounting periods beginning on or after)
IFRS 7 – Financial Instruments : Disclosures – (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 1 – Presentation of Financial Statements – Presentation of items of comprehensive income	July 01, 2012
IAS 12 – Income Taxes (Amendment) - Recovery of Underlying Assets	January 01, 2012
IAS 19 – Employee Benefits –(Amendment)	January 01, 2013
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have a material effect on the Company's financial statements in the period of initial application, however, certain amendments will result in increased disclosure requirements.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

2.4 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 Company'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 areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2.1, 3.2.4, 3.2.5 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value.

2.6 Functional and Presentation Currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term investments having original maturities of less than three months.

3.2 Financial assets

3.2.1 Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of term finance certificates

Investment in term finance certificates are valued in accordance with the methodology for valuation of debt securities prescribed in the SECP's circular no. 1/2009 dated January 06, 2009. Under the said directive, investment in term finance certificates are valued on the basis of traded, thinly traded and non traded securities. Accordingly, investment in term finance certificates have been valued at the rates determined and announced by the Mutual Fund Association of Pakistan (MUFAP) based on the methodology prescribed in the Circular.

b) Basis of valuation of equity securities

Investments in equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss, previously shown under other comprehensive income, is transferred to the income statement as capital gain / (loss).

3.2.5 Impairment

The Company assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement - is reclassified from other comprehensive income to income statement. Impairment losses recognised on equity instruments are not reversed through the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is measured to its fair value and resultant gain or loss is recognised in the income statement.

3.5 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividend are declared / transfers are made.

3.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, 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.

3.7 Taxation

Current

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

Deferred

The Company provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. In addition, the Company also records deferred tax asset on unutilised tax losses to the extent that these

will be available for set off against future taxable profits. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. However, the Company has not recognised any amount of deferred tax in these financial statements as the Company intends to continue availing the tax exemption in future years by distributing at least 90 percent of its accounting income for the current year as reduced by capital gains, whether realised or unrealised to its shareholders.

3.8 Revenue recognition

- Realised 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 on equity securities is recognised in the income statement when the right to receive the dividend is established.
- Unrealised gains / losses arising on re-measurement of securities classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Income on term finance certificates is recognised on an accrual basis.
- Profit on bank deposits is recognised on an accrual basis.

4. BANK BALANCES	Note	2012 ----- (Rupees in '000) -----	2011 -----
PLS savings accounts	4.1	4,780	1,808
Current accounts		9,789	8,239
		<u>14,569</u>	<u>10,047</u>

4.1 Profit rates on PLS saving accounts range between 5% to 10.5% (2011: 5% to 12.05%) per annum.

5. INVESTMENTS

Financial assets at fair value through profit or loss

- Quoted equity securities - held-for-trading	5.1	1,124,299	888,442
- Fixed income and other debt securities	5.2	-	29,880
- Derivative financial instruments - held-for-trading		-	948

Available-for-sale

- Available-for-sale securities	5.3	12,634	16,847
		<u>1,136,933</u>	<u>936,117</u>

5.1 Quoted equity securities - financial assets at 'fair value through profit or loss'

Name of the investee company	Number of shares				Balance as at June 30, 2012			Percentage in relation to			
	As at July 01, 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at June 30, 2012	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
Shares of listed companies - fully paid Ordinary shares of Rs.10 each unless stated otherwise											
Oil and gas											
Atock Refinery Limited	-	50,000	-	-	50,000	6,500	6,144	(356)	0.54	0.54	0.06
Pakistan Oilfields Limited	-	32,500	-	32,500	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	100,000	-	15,000	85,000	22,771	20,046	(2,725)	1.76	1.77	0.05
						<u>29,271</u>	<u>26,190</u>	<u>(3,081)</u>			
Chemicals											
Clariant Pakistan Limited	126,060	16,500	-	18,380	124,180	19,906	21,980	2,074	1.93	1.94	0.36
Dawood Hercules Chemicals Limited	105,000	-	-	105,000	-	-	-	-	-	-	-
Dynea Pakistan Limited (Face value Rs 5 each)	895,233	-	-	-	895,233	9,391	18,102	8,711	1.59	1.59	4.74
Engro Polymer & Chemicals Limited	554,538	-	-	554,538	-	-	-	-	-	-	-
Falima Fertilizer Company Limited	-	502	-	502	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	70,000	-	70,000	-	-	-	-	-	-	-
Engro Corporation Limited	-	324,000	7,200	125,000	206,200	21,171	20,999	(172)	1.85	1.85	0.06
Ghani Gases Limited	-	6,900	-	-	6,900	57	64	7	0.01	0.01	-
Sitara Chemical Industries Limited	116,760	130,311	-	-	247,071	25,940	25,955	15	2.28	2.29	1.15
						<u>76,465</u>	<u>87,100</u>	<u>10,635</u>			
Forestry (paper and board)											
Century Paper and Board Mill Limited	357,590	-	-	-	357,590	5,507	6,776	1,269	0.60	0.60	0.51
						<u>5,507</u>	<u>6,776</u>	<u>1,269</u>			
Industrial metals and mining											
Crescent Steel & Allied Products Limited	-	258,035	-	-	258,035	6,116	5,984	(132)	0.53	0.53	0.46
International Steel Limited	382,965	-	-	-	382,965	5,212	4,580	(632)	0.40	0.40	0.09
International Industries Limited	-	500,000	-	-	500,000	13,875	14,125	250	1.24	1.24	0.50
Huffaz Seamless Pipe Industries Limited	20,245	-	-	-	20,245	251	469	218	0.04	0.04	0.04
						<u>25,454</u>	<u>25,158</u>	<u>(296)</u>			
Construction and materials											
Cherat Cement Company Limited	-	1,433,315	-	850,831	582,484	13,209	17,253	4,044	1.52	1.52	0.61
D.G Khan Cement Company Limited	360,905	1,847,330	-	1,578,235	630,000	26,493	24,809	(1,684)	2.18	2.19	0.14
Shabbir Tiles & Ceramics Limited	257,793	-	-	-	257,793	1,678	1,843	165	0.16	0.16	0.18
(Face value Rs 5 each)						<u>41,380</u>	<u>43,905</u>	<u>2,525</u>			

Name of the investee company	Number of shares-----					Balance as at June 30, 2012			Percentage in relation to		
	As at July 01, 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at June 30, 2012	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
----- (Rupees in '000) -----											
General industrials											
Cherat Packaging Limited	38,437	-	-	-	38,437	1,821	1,107	(714)	0.10	0.10	0.22
Merit Packaging Limited	349,615	-	-	-	349,615	9,034	7,317	(1,717)	0.64	0.64	7.37
Tri-Pack Films Limited	11,685	-	-	11,685	-	-	-	-	-	-	-
Thal Limited (Face value Rs.5 each)	266,354	278,382	53,271	-	598,007	50,868	55,615	4,747	4.89	4.90	0.81
						<u>61,723</u>	<u>64,039</u>	<u>2,316</u>			
Electronic and electric goods											
Johnson & Phillips (Pakistan) Limited	-	79,287	-	-	79,287	575	745	170	0.07	0.07	1.45
Pakistan Cables Limited	5,431	8,926	-	-	14,357	574	548	(26)	0.05	0.05	0.05
						<u>1,149</u>	<u>1,293</u>	<u>144</u>			
Engineering											
Al-Ghazi Tractors Limited (Face value Rs.5 each)	48,100	-	-	-	48,100	11,021	9,877	(1,144)	0.87	0.87	0.11
K.S.B. Pumps Company Limited	250,000	-	-	-	250,000	8,210	13,655	5,445	1.20	1.20	1.89
						<u>19,231</u>	<u>23,532</u>	<u>4,301</u>			
Industrial transportation											
Pak International Bulk Terminal Ltd. **	-	-	65,000	-	65,000	-	650	650	0.06	0.06	-
Pak International Container Terminal Ltd.	130,000	-	-	130,000	-	-	-	-	-	-	-
Pakistan National Shipping Corporation	298,808	-	-	-	298,808	7,171	4,605	(2,566)	0.41	0.41	0.23
						<u>7,171</u>	<u>5,255</u>	<u>(1,916)</u>			
Technology hardware and equipment											
TPL Trakkor Limited	-	750,000	-	-	750,000	7,500	7,500	-	0.66	0.66	0.35
						<u>7,500</u>	<u>7,500</u>	<u>-</u>			
Support services											
TRG Pakistan Limited	18,862,327	5,087,733	-	-	23,950,060	68,682	81,909	13,227	7.20	7.22	6.21
						<u>68,682</u>	<u>81,909</u>	<u>13,227</u>			
Automobile and parts											
General Tyre & Rubber Co. of Pakistan Limited	152,892	-	-	-	152,892	3,532	3,134	(398)	0.28	0.28	0.26
Atlas Battery Limited	2,475	-	495	-	2,970	537	599	62	0.05	0.05	0.02
Atlas Honda Limited	41,075	59,900	15,146	-	116,121	12,146	13,363	1,217	1.18	1.18	0.16
Exide Pakistan Ltd.	27,608	-	6,902	-	34,510	6,049	5,970	(79)	0.53	0.53	0.49
						<u>22,264</u>	<u>23,066</u>	<u>802</u>			
Beverages											
Shezan International Limited	91,506	123,250	-	114,756	100,000	14,018	19,610	5,592	1.72	1.73	1.67
Murree Brewery Company Limited	330,001	47,000	33,000	19,000	391,001	39,439	39,163	(276)	3.44	3.45	2.05
						<u>53,457</u>	<u>58,773</u>	<u>5,316</u>			

Name of the investee company	Number of shares-----						Balance as at June 30, 2012				Percentage in relation to		
	As at July 01, 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at June 30, 2012	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital		
----- (Rupees in '000) -----													
Food producers													
Habib - ADM Limited (Face value Rs.5 each)	74,889	-	-	-	74,889	918	1,539	621	0.14	0.14	0.19		
JDW Sugar Mills Limited	-	5,073	-	-	5,073	406	512	106	0.05	0.05	0.01		
JDW Sugar Mills Limited - Right	-	5,073	-	5,073	-	-	-	-	-	-	-		
Noon Pakistan Limited	28,809	-	2,880	-	31,689	583	1,172	589	0.10	0.10	0.61		
Punjab Oil Mills Limited	100,000	-	-	-	100,000	4,000	5,301	1,301	0.47	0.47	1.86		
Quice Food Limited	-	3,430,000	-	1,140,861	2,289,139	10,217	22,113	11,896	1.94	1.95	7.50		
Quice Food Limited - Right	-	-	900,626	-	900,626	-	-	-	-	-	-		
Engro Foods Limited	2,490,600	460,000	-	2,950,600	-	-	-	-	-	-	-		
Noon Sugar Mills Limited	396,869	193,722	-	590,591	10,765	11,812	1,047	1.04	1.04	3.58			
Mitchell's Fruit Farms Limited	6,428	-	-	6,428	504	1,736	1,232	0.15	0.15	0.13			
National Foods Limited	150,008	55,043	-	205,051	-	-	-	-	-	-			
Sanghar Sugar Mills Limited	-	352,865	-	-	352,865	4,439	5,028	589	0.44	0.44	2.95		
Shahtaj Sugar Mills Limited	-	24,537	-	-	24,537	1,963	1,876	(87)	0.17	0.17	0.20		
Shakarganj Mills Limited	-	1,982,502	-	-	1,982,502	23,226	25,535	2,309	2.25	2.25	2.85		
Tandianwala Sugar Mills Limited	85,863	-	-	-	85,863	4,560	6,569	2,009	0.58	0.58	0.07		
						61,581	83,193	21,612					
Household goods													
Tariq Glass Industries Limited	-	1,247,572	-	81,301	1,166,271	17,786	18,660	874	1.64	1.64	1.68		
						17,786	18,660	874					
Personal goods (textile)													
Artistic Denim Mills Limited	1,457,683	1,043,789	-	444,000	2,057,472	54,461	49,379	(5,082)	4.34	4.35	2.45		
Dawood Lawrencepur Limited	-	43,159	-	-	43,159	1,554	2,677	1,123	0.24	0.24	0.07		
Fazal Cloth Mills Limited	1,005	-	206	-	1,211	55	109	54	0.01	0.01	0.01		
Gul Ahmed Textile Mills Limited	166,511	36,625	166,511	-	369,647	9,393	7,803	(1,590)	0.69	0.69	0.29		
Rupali Polyester Limited	12,701	-	-	-	12,701	502	326	(176)	0.03	0.03	0.04		
Din Textile Mills Limited	875,015	192,194	-	-	1,067,209	29,340	18,143	(11,197)	1.60	1.60	5.24		
Elcot Spinning Mills Limited	745,015	414,539	-	85,000	1,074,554	26,579	27,938	1,359	2.46	2.46	9.81		
Gadoon Textile Mills Limited	326,708	-	-	326,708	-	-	-	-	-	-	-		
Indus Dyeing Manufacturing Co. Limited	41,700	-	-	11,920	29,780	11,360	12,053	693	1.06	1.06	0.16		
Island Textile Mills Limited	469,170	38,300	-	-	38,300	6,058	7,931	1,873	0.70	0.70	7.66		
Masood Textile Mills Limited	84,591	-	-	-	469,170	9,149	9,590	441	0.84	0.84	0.78		
Prosperity Weaving Mills Limited	49,588	-	-	-	84,591	1,233	793	(440)	0.07	0.07	0.46		
Service Industries Limited	456,439	-	45,643	-	49,588	9,724	8,228	(1,496)	0.72	0.72	0.41		
Suraj Cotton Mills Limited	-	47	-	-	502,082	16,865	14,530	(2,335)	1.28	1.28	2.54		
Sapphire Fibres Limited	211,420	3,415	-	-	47	6	6	-	0.00	0.00	-		
ZIL Limited	-	-	-	-	214,835	12,826	22,343	9,517	1.97	1.97	4.04		
						189,105	181,849	(7,256)					

Name of the investee company	Number of shares-----					Balance as at June 30, 2012			Percentage in relation to		
	As at July 01, 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at June 30, 2012	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
----- (Rupees in '000) -----											
Fixed line telecommunication											
PAK Datacom Limited	516,025	-	129,006	-	645,031	15,470	40,566	25,096	3.57	3.57	8.23
WorldCall Telecom Limited	250,000	-	-	-	250,000	528	513	(15)	0.05	0.05	0.03
Pakistan Telecommunication Company Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
						<u>15,998</u>	<u>41,079</u>	<u>25,081</u>			
Electricity											
Karachi Electric Supply Company Limited (Face value Rs.5 each)	-	4,439,112	-	-	4,439,112	15,457	14,383	(1,074)	1.27	1.27	0.03
Kohinoor Energy Limited	939,500	514,250	-	-	1,453,750	25,492	31,256	5,764	2.75	2.75	0.86
Sitara Energy Limited	245,500	17,651	-	-	263,151	5,144	4,342	(802)	0.38	0.38	1.38
						<u>46,093</u>	<u>49,981</u>	<u>3,888</u>			
Multilifts (gas and water)											
Sui Northern Gas Pipelines Limited	1,091,042	150,000	-	1,241,042	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	3,883,562	651,000	219,178	465,000	4,288,740	88,049	83,630	(4,419)	7.36	7.37	0.49
						<u>88,049</u>	<u>83,630</u>	<u>(4,419)</u>			
Commercial banks											
Summit Bank Limited *	4,966,176	1,526,527	-	-	6,492,703	23,916	20,647	(3,269)	1.82	1.82	0.60
Bank Al-Habib Limited	806,527	4,949	72,289	358,765	525,000	13,468	14,947	1,479	1.31	1.32	0.06
United Bank Limited	-	90,541	-	-	90,541	7,491	7,097	(394)	0.62	0.63	0.01
Bank Al-Falah Limited	3,456,895	1,000,000	-	2,706,895	1,750,000	20,790	29,925	9,135	2.63	2.64	0.13
Faysal Bank Limited	30,000	-	-	30,000	-	-	-	-	-	-	-
Habib Bank Limited	507,474	-	20,150	334,224	193,400	20,405	21,823	1,418	1.92	1.92	0.02
Habib Metropolitan Bank Limited	594,382	-	-	-	594,382	12,940	10,259	(2,681)	0.90	0.90	0.06
My Bank Limited *	1,595,659	-	-	1,595,659	-	-	-	-	-	-	-
NIB Bank Limited	4,372,955	-	-	4,372,955	-	6,603	8,702	2,099	0.77	0.77	0.04
NIB Bank Limited - Right	6,768,897	10,000,000	-	16,768,897	-	-	-	-	-	-	-
National Bank of Pakistan	-	251,850	-	251,850	-	-	-	-	-	-	-
Soneri Bank Limited	5,108,647	1,500,000	638,580	1,384,425	4,512,802	20,646	33,350	12,704	2.93	2.94	0.50
						<u>126,259</u>	<u>146,750</u>	<u>20,491</u>			
Non life insurance											
Century Insurance Company Limited	451,312	-	-	-	451,312	3,656	4,671	1,015	0.41	0.41	0.99
Premier Insurance Limited (Face value Rs.5 each)	2,055,389	900,000	-	-	2,955,389	24,752	20,688	(4,064)	1.82	1.82	4.88
TPL Direct Insurance Company Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
						<u>28,408</u>	<u>25,359</u>	<u>(3,049)</u>			

Name of the investee company	Number of shares-----					Balance as at June 30, 2012			Percentage in relation to		
	As at July 01, 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at June 30, 2012	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
Real estate investment and services											
Pace Pakistan Limited	1,532,536	-	-	-	1,532,536	3,341	3,126	(215)	0.27	0.28	0.55
						<u>3,341</u>	<u>3,126</u>	<u>(215)</u>			
Financial services											
First Capital Securities Corporation Limited	317,605	-	-	-	317,605	772	861	89	0.08	0.08	0.10
						<u>772</u>	<u>861</u>	<u>89</u>			
Health care equipment and services											
Shifa International Hospitals	-	310,500	-	-	310,500	9,315	9,607	292	0.84	0.85	0.61
						<u>9,315</u>	<u>9,607</u>	<u>292</u>			
Pharma and bio tech											
Searle Pakistan Limited	-	270,000	-	-	270,000	11,610	12,850	1,240	1.13	1.13	0.88
Wyeth Pakistan Limited	-	5,079	-	-	5,079	4,063	4,363	300	0.38	0.38	0.04
						<u>15,673</u>	<u>17,213</u>	<u>1,540</u>			
Media											
Hum Network Limited	-	404,414	-	-	404,414	8,674	8,493	(181)	0.75	0.75	8.09
						<u>8,674</u>	<u>8,493</u>	<u>(181)</u>			
Financial services											
Security Leasing Corporation Limited - (Preference shares)	1,489	-	-	-	1,489	2	2	-	0.00	0.00	0.01
						<u>2</u>	<u>2</u>	<u>-</u>			
Total listed equity securities as at June 30, 2012						1,030,310	1,124,299	93,989			
Total listed equity securities as at June 30, 2011						897,317	888,442	(8,875)			

* During the period, as a result of amalgamation and voluntary winding up of My Bank Limited, 1,595,659 Ordinary shares of My Bank Limited were swapped with 1,276,527 Ordinary shares of Summit Bank Limited in the agreed share swap ratio.

** Represents par / nominal value.

5.2 Fixed income and other debt securities - financial assets at 'fair value through profit or loss'

Name of the Investee company	----- Number of certificates -----				Balance as at June 30, 2012			Market value as a percentage of investments	Market value as a percentage of net assets
	Opening balance	Purchases during the year	Sales / Redeemed during the year	Closing balance	Carrying cost	Market value	Appreciation / (diminution)		
----- Rupees in '000 -----									
Term Finance Certificates - listed certificates									
WorldCall Telecom Limited (face value Rs.5,000 each)	5,200	-	5,200	-	-	-	-	-	-
Sukuk Certificates - Unlisted certificates									
Kohat Cement Company Limited (face value Rs.5,000 each)	4,000	-	4,000	-	-	-	-	-	-
Total securities - June 30, 2012									
Total securities - June 30, 2011					31,464	29,880	(1,584)		

5.3 Quoted equity securities - 'available-for-sale'

Name of the investee company	Note	----- Number of shares / certificates -----					Balance as at June 30, 2012			Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation to Investee paid up
		Opening balance	Purchases during the year	Bonus / Rights issue	Sales during the year	Closing balance	Carrying cost	Market value	Appreciation / (diminution)			
----- Rupees in '000 -----												
Financial services												
Security Leasing Corporation Limited (9.1% preference shares)	5.3.1	1,000,000	-	-	-	1,000,000	10,166	-	-	0.00	0.00	2.10
Less: Impairment							(6,871)	-	-			
							3,295	3,295	-			
General industrials												
Siemens Engineering (Pakistan) Limited		12,500	-	-	-	12,500	13,552	9,339	(4,213)	0.82	0.82	0.15
Total listed equity securities - June 30, 2012							16,847	12,634	(4,213)			
Total listed equity securities - June 30, 2011							16,289	16,847	6,233			

5.3.1 Security Leasing Corporation Limited has deferred the payment of 3rd redemption amounting to Rs.2,720,000 (pertaining to 500,000 shares of Rs.10 each) on the basis of the current adverse financial position of the company. As per the terms of the preference shares, the redemption amount will be the lower of par value and breakup value as per latest available audited financial statements. The break-up value (per share of Security Leasing Corporation Limited) as per the financial statements for the year ended June 30, 2009 is Rs.5.44, which is lower than the face value. Further, the break-up value of shares as per the financial statements of the company for the nine months ended March 31, 2010 is Rs.1.15. Therefore, the redemption of 500,000 shares due on November 30, 2009 have been valued at Rs.5.44 per share and the remaining shares have been valued at Rs.1.15 per share. Negotiation are currently underway with the investee company to recover the outstanding amount of preference shares.

5.4 Net unrealised diminution in fair value of investments classified as 'available-for-sale'- net

	Note	2012 ----- (Rupees in '000) -----	2011
Market value of investments	5.3	12,634	16,847
Less: Cost of investments		(10,614)	(10,614)
		2,020	6,233
Less: Net unrealised appreciation in fair value of investments at the beginning of year		(6,233)	(5,675)
Less: Realised on disposal of investments		-	-
		(4,213)	558

	2012	2011
Note	----- (Rupees in '000) -----	-----
6. DIVIDEND AND OTHER RECEIVABLES		
Dividend receivable	720	336
Profit receivable on bank deposits	56	43
Advance tax refundable	124	124
Profit receivable on term finance certificates	1,072	3,152
Prepaid fee - Margin Trading System (MTS)	-	177
	<u>1,972</u>	<u>3,832</u>
7. SECURITY DEPOSIT		
National Clearing Company of Pakistan Limited	<u>2,750</u>	<u>2,750</u>

8. REMUNERATION PAYABLE OF THE MANAGEMENT COMPANY

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of a closed-end fund is entitled to a remuneration during the first five years of the closed-end 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. In the current year, the Management Company has charged remuneration at the rate of two percent of the average annual net assets of the fund.

	2012	2011
Note	----- (Rupees in '000) -----	-----
9. ACCRUED EXPENSES AND OTHER LIABILITIES		
Annual fee payable to SECP	9.1 862	934
Brokerage payable	280	266
Custodian fee / charges	81	71
Auditors' remuneration	275	200
Unclaimed amount due to shareholders on reduction of share capital	45	45
Withholding tax payable	3	2
Provision for Workers' Welfare Fund	11 11,308	5,386
Sales tax payable	10 292	-
Others	268	69
	<u>13,414</u>	<u>6,973</u>

9.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Company.

10. SALES TAX ON REMUNERATION OF MANAGEMENT COMPANY

During the current year, an amount of Rs.2.905 million was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

11. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is

higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During the current year, in August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

In view of the aforementioned developments during the year, the management company as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs.11.308 million (including Rs.5.922 million for the current year) in these financial statements. Had this provision not been made the net asset value would have increase by Re.0.074 per share and the net income for the year would have increase by Re. 0.039 per share.

12. SHARE CAPITAL

Issued, subscribed and paid-up capital

2012 ----- Number of shares -----	2011 -----	Fully paid Ordinary shares of Rs.5 each	2012 ----- (Rupees in '000) -----	2011 -----
110,591,593	110,591,593	Issued for cash	552,958	552,958
41,506,751	41,506,751	Issued as bonus shares	207,534	207,534
152,098,344	152,098,344		760,492	760,492

12.1 AKD Investment Management Limited and AKD Securities Limited hold 27,515,395 (June 30, 2011: 27,515,395) and 2,889 (June 30, 2011: 12,302,889) shares respectively of the company as at June 30, 2012. Other related parties as disclosed in note 20 hold 2,754,037 shares (June Rs. 30, 2011: 2,760,533 shares) as at June 30, 2012.

12.2 Pattern of shareholding of the Company as at June 30, 2012 is as follows:

Category	Share Holding		
	Share holders	Number of Shares	Percentage
Individuals	4,792	79,504,871	52.27
Associated companies and directors	13	30,272,321	19.90
Insurance companies	3	76,159	0.05
Banks and DFIs	5	16,148,266	10.62
NBFCs	7	3,085,039	2.03
Retirement funds	-	-	-
Public limited companies	4	4,778,180	3.14
Others	67	18,233,508	11.99
Total	4,891	152,098,344	100

12.3 Pattern of shareholding of the Company as at June 30, 2011 was as follows:

Category	Share Holding		
	Share holders	Number of Shares	Percentage
Individuals	5,143	78,868,972	51.85
Associated companies and directors	13	42,578,817	27.99
Insurance companies	4	2,701,159	1.78
Banks and DFIs	11	5,293,469	3.48
NBFCs	6	85,039	0.06
Retirement funds	5	6,133,708	4.03
Public limited companies	4	5,270,943	3.47
Others	55	11,166,237	7.34
Total	5,241	152,098,344	100

	2012	2011
	----- (Rupees in '000) -----	
13. NET ASSETS VALUE PER SHARE		
Total net assets	<u>1,134,946</u>	<u>963,068</u>
Total shares in issue	<u>152,098,344</u>	<u>152,098,344</u>
Net assets value per share - Rupees	<u>7.46</u>	<u>6.33</u>

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2012 and June 30, 2011.

15. CAPITAL GAIN ON SALE OF INVESTMENTS - NET

Securities classified as - 'financial assets at fair value through profit or loss' - net	<u>169,734</u>	<u>102,727</u>
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16. AUDITORS' REMUNERATION

Annual statutory audit fee	175	175
Fee for half yearly review	75	75
Fee for review of statement of compliance with the code of corporate governance	25	25
Out of pocket expenses	29	43
	<u>304</u>	<u>318</u>

17. TAXATION

The income of the Company is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the shareholders. Accordingly, the Company has not recorded provision for taxation as the management intends to distribute at least 90 percent of the Company's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its shareholders.

The Company 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.

	2012	2011
	----- (Rupees in '000) -----	
18. EARNINGS PER SHARE		
Net income after taxation	290,165	123,331
	----- Number of Shares -----	
Weighted average number of Ordinary shares	152,098,344	152,098,344
	----- (Rupees) -----	
Earnings per share	1.91	0.81

18.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2012 and 2011.

	----- (Rupees in '000) -----	
19. CASH AND CASH EQUIVALENTS		
Bank balances	14,569	10,047

20. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited, being the Management Company, Central Depository Company of Pakistan Limited, being the custodian, Aqeel Karim Dhedhi Securities (Private) Limited, other collective schemes managed by the Management Company, directors and officers of the Management Company, directors of the Fund and their connected persons.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Details of transactions and balances with connected persons are as follows:

	2012	2011
	----- (Rupees in '000) -----	
20.1 Transactions during the year		
AKD Investment Management Limited - Management Company		
Remuneration to Management Company	18,157	19,661
Cash dividend paid @ 15% i.e. Re.0.75 per share (June 30, 2011: 17% i.e. Re.0.85 per share)	20,637	22,071
D.J.M Securities (Private) Limited - Ex Major Shareholder		
Cash dividend paid @ 15% i.e. Re.0.75 per share (June 30, 2011: 17% i.e. Re.0.85 per share)	-	28,605
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Cash dividend paid @ 15% i.e. Re.0.75 per share (June 30, 2011: 17% i.e. Re.0.85 per share)	1,570	1,779

	2012	2011
	----- (Rupees in '000) -----	
AKD Securities Limited		
Sale of shares of various companies	66,822	181,488
Purchase of shares of various companies	99,959	36,395
Brokerage	268	388
Cash dividend paid @ 15% i.e. Re.0.75 per share (June 30, 2011: 17% i.e. Re.0.85 per share)	9,227	850
AKD Investment Management Limited - Staff Provident Fund		
Cash dividend paid @ 15% i.e. Re.0.75 per share (June 30, 2011: 17% i.e. Re.0.85 per share)	450	43
Key management personnel		
Cash dividend paid @ 15% i.e. Re.0.75 per share (June 30, 2011: 17% i.e. Re.0.85 per share)	50	55
Central Depository Company of Pakistan Limited (Custodian)		
Fee charged during the year (including transaction charges)	715	728
AKD Aggressive Income Fund [formerly AKD Income Fund]		
Sale of TFCs	14,862	27,407
Purchase of TFCs	-	17,036
AKD Opportunity Fund		
Sale of shares	19,797	12,314
Purchase of shares	90,932	8,674
Aqeel Karim Dhedhi Securities (Private) Limited		
Purchase of shares	6,353	-
Mr. Aqeel Karim Dhedhi		
Purchase of shares	8,949	-
Miss. Ayesha Aqeel		
Purchase of shares	1,625	-
20.2 Balances outstanding at year end		
AKD Investment Management Limited - Management Company		
Remuneration payable	1,824	2,161
Shares in issue (No. of shares: June 30, 2012: 27,515,395 June 30, 2011: 27,515,395)	137,577	137,577
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Shares in issue (No. of shares: June 30, 2012: 2,092,812 June 30, 2011: 2,092,812)	10,464	10,464

	2012	2011
	----- (Rupees in '000) -----	
AKD Securities Limited		
Shares in issue (No. of shares: June 30, 2012: 2,889 June 30, 2011: 12,302,889)	14	61,514
Brokerage payable	6	49
Receivable against sale of securities	-	32,508
AKD Investment Management Limited - Staff Provident Fund		
Shares in issue (No. of shares: June 30, 2012: 601,046 June 30, 2011: 601,046)	3,005	3,005
Key management personnel		
Shares held by key management personnel (No. of shares: June 30, 2012: 60,179 June 30, 2011: 66,675)	301	333
Central Depository Company of Pakistan Limited - Custodian		
Fee payable	81	71
AKD Aggressive Income Fund		
Receivable against sale of investment	3,712	-

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company holds following financial instruments at the year end.

21.1 Financial instruments by category

	----- As at June 30, 2012 -----				
	Loans and receivables	Assets at fair value through profit or loss	Available- for-sale	Held to maturity	Total
Assets	----- (Rupees in '000) -----				
Bank balances	14,569	-	-	-	14,569
Receivable against sale of investments	3,839	-	-	-	3,839
Investments	-	1,124,299	12,634	-	1,136,933
Dividend and other receivables	1,972	-	-	-	1,972
Security deposits	2,750	-	-	-	2,750
	<u>23,130</u>	<u>1,124,299</u>	<u>12,634</u>	<u>-</u>	<u>1,160,063</u>

----- As at June 30, 2012 -----			
Liabilities	Liabilities		
	at fair value through profit or loss	At Amortised cost	Total
----- (Rupees in '000) -----			
Payable against purchase of investments	-	-	-
Remuneration payable to the Management Company	-	1,824	1,824
Accrued expenses and other liabilities	-	1,244	1,244
Unclaimed dividend	-	9,879	9,879
	-	12,947	12,947

----- As at June 30, 2011 -----					
Assets	Assets at fair value through profit or loss				
	Loans and receivables	profit or loss	Available-for-sale	Held to maturity	Total
----- (Rupees in '000) -----					
Bank balances	10,047	-	-	-	10,047
Receivable against sale of investment	60,205	-	-	-	60,205
Investments	-	919,270	16,847	-	936,117
Dividend and other receivables	3,655	-	-	-	3,655
Security deposits	2,750	-	-	-	2,750
	76,657	919,270	16,847	-	1,012,774

----- As at June 30, 2011 -----			
Liabilities	Liabilities		
	at fair value through profit or loss	At Amortised cost	Total
----- (Rupees in '000) -----			
Payable against purchase of investments	-	32,427	32,427
Remuneration payable to the Management Company	-	2,161	2,161
Accrued expenses and other liabilities	-	653	653
Unclaimed dividend	-	8,322	8,322
	-	43,563	43,563

21.2 Risk management objective

The Company's objective in managing risks is the creation and protection of shareholders' value. Risk is inherent in the Company's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed based on limits established by the management company and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept. The management company, AKD Investment Management Limited, supervises the overall risk management approach within the Company. The Company is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

21.3 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market price of securities due to change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

21.3.1 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 Company, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees, which is the functional currency.

21.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on management of bank balances and certain investments.

As at June 30, 2012, the balances that may be exposed to interest rate risk are as follows:

	June 30, 2012	June 30, 2011
	----- (Rupees in '000) -----	
<i>Variable rate instruments</i>		
Term finance certificates	-	-
Bank balance	4,780	1,808
<i>Fixed rate instruments</i>		
Term finance certificates	-	-
Preference shares	3,295	3,295

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's income and other comprehensive income.

	Increase / (decrease) in basis points	Effect on interest income
	----- (Rupees in '000) -----	
2012	100 (100)	81 (81)
2011	100 (100)	51 (51)

21.3.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Assets and Liabilities as available for sale and at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks prescribed in the Memorandum and Articles of Association. The Company's constitutive document / NBFC Regulations also limit individual equity securities to not more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 30% of net assets.

In case of 5% increase / decrease in KSE 100 index on June 30, 2012, net income for the year would decrease / increase by Rs.56.215 million (2011: Rs 3.662 million) and net assets of the Company would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss. Other components of equity and net assets of the Company would increase / decrease by Rs.0.467 million (2011: Rs.0.057 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 Company'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 Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2012 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of KSE 100 index.

21.4 Credit risk

Credit risk arises from the inability of the counter parties to fulfil their obligations in respect of financial instruments contracts. All investing transactions are settled / paid for upon delivery using approved brokers. The Company's policy is to enter into financial instruments contract by following internal guidelines such as approving counterparties and carrying out transactions through approved brokers. The credit risk also arises from deposits with banks and financial institutions and credit exposure arising as a result of dividend 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 analysis below summarises the credit risk of the Company's financial assets:

	June 30, 2012	June 30, 2011
	----- (Rupees in '000) -----	
Bank balances	14,569	10,047
Receivable against sale of investment	3,839	60,205
Investments	3,295	46,727
Dividend and other receivable	1,972	3,832
Security deposits	2,750	2,750
Total	26,425	123,561

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect group of counter parties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

Rating category	2012	2011
	----- (Rupees in '000) -----	
A1+	13,630	9,104
A1	915	-
A2	24	943
Unrated	11,856	113,514
	26,425	123,561

The maximum exposure to credit risk before any credit enhancement as at June 30, 2012 is the carrying amount of the financial assets.

Impairment

An analysis of the financial assets that are individually impaired as per the requirements of Circular No. 1 dated January 6, 2009 and Circular No. 13 dated May 04, 2009 issued by the Securities and Exchange Commission of Pakistan are as under:

	As at June 30, 2012			As at June 30, 2011		
	Total outstanding amount	Payment over due (in days)		Total outstanding amount	Payment over due (in days)	
		1-365	Above 365		1-365	Above 365
	----- (Rupees in '000) -----					
Investments	10,168	-	10,168	10,168	-	10,168

21.5 Liquidity risk

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

The table below summaries the maturity profile of the Company's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

----- As at June 30, 2012 -----				
	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----				
Liabilities				
Payable against purchase of investments	-	-	-	-
Remuneration payable to Management Company	1,824	-	-	1,824
Accrued expenses and other liabilities	1,244	-	-	1,244
Unclaimed dividend	9,879	-	-	9,879
	<u>12,947</u>	<u>-</u>	<u>-</u>	<u>12,947</u>
	<u>12,947</u>	<u>-</u>	<u>-</u>	<u>12,947</u>

----- As at June 30, 2011 -----				
	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----				
Liabilities				
Payable against purchase of investments	32,427	-	-	32,427
Remuneration payable to Management Company	2,161	-	-	2,161
Accrued expenses and other liabilities	653	-	-	653
Unclaimed dividend	8,322	-	-	8,322
	<u>43,563</u>	<u>-</u>	<u>-</u>	<u>43,563</u>
	<u>43,563</u>	<u>-</u>	<u>-</u>	<u>43,563</u>

The composition of the Company's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Further, in case of variable rate instruments, the sensitivity analysis has been done from last repricing date. Accordingly, the sensitivity analysis prepared as of June 30, 2012 is not necessarily indicative of the impact on the Company's net assets of future movements in interest rates.

22. CAPITAL RISK MANAGEMENT

Golden Arrow Selected Stocks Fund Limited is a closed end fund. The Company has a limited number of shares subscribed at the Company's inception. However, further public offering may be made at the Company's discretion. The Company's shares are not redeemable directly with the Company; instead shares are traded on the stock exchange at a price that is either at a premium or discount to the shares net asset value.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and to maintain a strong capital base to meet unexpected losses or opportunities. In accordance with the NBFC Regulations the Company is required to distribute at least ninety percent of its income from sources other than unrealised capital gains as reduced by such expenses as are chargeable to the Company.

In order to maintain or adjust the capital structure, the Company may adjust dividend paid to shareholders or issue new shares.

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Effective January 01, 2009, the Company adopted the amendments to IFRS 7 for financial instruments that are measured in the statement of assets and liabilities at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

----- As at June 30, 2012 -----				
ASSETS	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Investment in securities - at fair value through profit or loss	1,124,297	-	2	1,124,299
Investment in securities - available-for-sale	3,295	-	-	3,295
	<u>1,127,592</u>	<u>-</u>	<u>2</u>	<u>1,127,594</u>
----- As at June 30, 2011 -----				
ASSETS	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Investment in securities - at fair value through profit or loss	889,388	29,880	2	919,270
Investment in securities - available-for-sale	13,552	-	3,295	16,847
	<u>902,940</u>	<u>29,880</u>	<u>3,297</u>	<u>936,117</u>

There were no movement of securities from level 2 and level 3 during the current year.

24. NON-ADJUSTING EVENT AFTER REPORTING PERIOD

The Board of Directors of the Company in their meeting held on August 15, 2012 have proposed a final cash dividend at Rs.1.20 per share for the year ended June 30, 2012 (June 30, 2011: cash dividend @ Re.0.75).

25. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Golden Arrow Selected Stocks Fund Limited (GASSFL) are as follow:

	Designation	Qualification	Experience in years
1. Mr. Imran Motiwala	Chief Executive Officer - (GASSFL & AKDIML), Fund Manager - (GASSFL & AKDOF)	BBA	18
2. Mr. Muhammad Yaqoob	Chief Investment Officer, Company Secretary and Fund Manager - AKDAIF, AKDITF & AKDCF	MBA	8
3. Mr. Nadeem Saulat Siddiqui	GM Marketing and Sales Director - AKDIML	MBA	19

25.1 Mr. Imran Motiwala is the Manager of the Fund. AKD Opportunity Fund is also being managed by the Fund Manager.

26. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The Board meetings were held on August 09, 2011, October 24, 2011, February 28, 2012 and April 28, 2012. Information in respect of attendance by the Directors in the meetings is given below:

Name of Director	Number of meetings		
	Held	Attended	Leave granted
1 Mr. Ahmed Abdul Sattar	4	4	0
2 Mr. Imran Motiwala	4	4	0
3 Mr. Taufique Habib	2	2	0
4 Miss Ayesha Aqeel Dhedhi	4	4	0
5 Mr. M. Ramzan Sheikh	4	0	4
6 Miss Parveen Akhter Malik	4	1	3
7 Mr. Muhammad Amin Hussain	4	2	2
8 Mr. Aurengzeb Ali Naqvi*	1	1	0

* Mr. Auranzeb Ali Naqvi was appointed on February 28, 2012 in place of Mr. Taufiq Habib.

27. LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID
For the year ended June 30, 2012
Name of Broker

AKD Securities Limited	15.86%
A.I. Securities (Pvt) Limited	13.75%
Investment Managers Securities (Pvt) Limited	12.69%
Fortune Securities Limited	12.30%
Creative Capital Securities (Pvt) Limited	8.45%
Habib Metropolitan Financial Services Limited	7.40%
Taurus Securities Limited	5.33%
Optimus Capital Management (Pvt) Limited	4.68%
First Capital Equities Limited	3.08%
Pearl Securities (Pvt) Limited	2.67%

For the year ended June 30, 2011
Name of Broker

Creative capital Securities (Pvt) Limited	29.28%
AKD Securities Limited	13.19%
Pearl Securities (Pvt) Limited	11.13%
Investment Managers Securities (Pvt) Limited	9.01%
NAEL Capital (Pvt) Limited	8.31%
Fortune Securities Limited	7.98%
Taurus Securities Limited	4.56%
A.I. Securities (Pvt) Limited	4.06%
KASB Securities Limited	3.83%
Elixir Securities Pakistan (Pvt) Limited	2.90%

28. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting used by 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 segments.

The Company has determined the operating segments based on the reports reviewed by the Investment Committee, which are used to make strategic decisions.

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

The Company trades in listed Pakistani equity securities with an objective to generate capital growth.

The internal reporting provided to the Investment Committee for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no changes in the reportable segments during the year.

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

The Company has a highly diversified portfolio of investments and no single investment accounts for more than 10% of the net assets of the Company.

29. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 15, 2012 by the Board of Directors of the Company.

30. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2012

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
592	1	100	21,403	0.01
1,219	101	500	300,179	0.20
496	501	1,000	363,617	0.24
1,334	1,001	5,000	3,336,469	2.19
402	5,001	10,000	2,948,902	1.94
233	10,001	15,000	2,833,327	1.86
109	15,001	20,000	1,952,883	1.28
100	20,001	25,000	2,292,860	1.51
47	25,001	30,000	1,317,807	0.87
50	30,001	35,000	1,605,107	1.06
31	35,001	40,000	1,164,380	0.77
27	40,001	45,000	1,155,390	0.76
24	45,001	50,000	1,163,870	0.77
18	50,001	55,000	950,018	0.62
19	55,001	60,000	1,091,277	0.72
16	60,001	65,000	996,140	0.65
11	65,001	70,000	743,899	0.49
6	70,001	75,000	437,745	0.29
10	75,001	80,000	777,739	0.51
6	80,001	85,000	495,502	0.33
10	85,001	90,000	873,298	0.57
3	90,001	95,000	275,744	0.18
15	95,001	100,000	14,485,325	0.98
7	100,001	105,000	712,205	0.47
5	105,001	110,000	543,595	0.36
6	110,001	115,000	678,724	0.45
5	115,001	120,000	586,466	0.39
8	120,001	125,000	993,260	0.65
1	125,001	130,000	125,024	0.08
4	130,001	135,000	536,625	0.35
2	135,001	140,000	275,039	0.18
2	140,001	145,000	287,000	0.19
2	155,001	160,000	311,880	0.21
2	160,001	165,000	324,375	0.21
1	170,001	175,000	343,750	0.23
2	175,001	180,000	178,289	0.12
2	185,001	190,000	377,458	0.25
3	205,001	210,000	623,914	0.41
1	210,001	215,000	210,797	0.14
1	220,001	225,000	222,690	0.15
2	225,001	230,000	457,211	0.30
1	240,001	245,000	241,535	0.16
3	245,001	250,000	745,113	0.49
1	250,001	255,000	250,613	0.16
1	265,001	270,000	266,071	0.17
1	270,001	275,000	270,926	0.18
1	275,001	280,000	276,795	0.18
1	290,001	295,000	290,986	0.19
1	295,001	300,000	300,000	0.20
1	305,001	310,000	307,085	0.20
1	315,001	320,000	319,912	0.21
2	325,001	330,000	656,003	0.43
1	350,001	355,000	354,374	0.23
1	390,001	395,000	393,750	0.26
1	395,001	400,000	400,000	0.26
1	400,001	405,000	404,483	0.27
2	445,001	450,000	896,062	0.59
1	455,001	460,000	456,118	0.30
2	490,001	495,000	989,844	0.65
1	525,001	530,000	529,000	0.35
1	570,001	575,000	575,000	0.38
1	600,001	605,000	601,046	0.40
1	620,001	625,000	624,200	0.41
1	675,001	680,000	676,084	0.44
1	705,001	710,000	706,403	0.46
1	710,001	715,000	711,371	0.47
1	745,001	750,000	750,000	0.49
1	760,001	765,000	761,624	0.50
1	775,001	780,000	776,000	0.51
1	825,001	830,000	826,375	0.54
1	855,001	860,000	857,418	0.56
1	925,001	930,000	925,683	0.61
1	985,001	990,000	985,055	0.65
1	1,080,001	1,085,000	1,082,812	0.71
1	1,095,001	1,100,000	1,100,000	0.72
1	1,130,001	1,135,000	1,134,154	0.75
1	1,250,001	1,255,000	1,250,001	0.82
1	1,580,001	1,585,000	1,581,187	1.04
1	2,090,001	2,095,000	2,092,812	1.38
1	2,195,001	2,200,000	2,200,000	1.45
1	2,360,001	2,365,000	2,360,891	1.55
1	2,365,001	2,370,000	2,369,288	1.56
1	2,405,001	2,410,000	2,405,532	1.58
1	2,430,001	2,435,000	2,430,167	1.60
1	2,435,001	2,440,000	2,438,493	1.60
1	2,995,001	3,000,000	3,000,000	1.97
1	3,410,001	3,415,000	3,412,110	2.24
1	4,995,001	5,000,000	5,000,000	3.29
1	5,790,001	5,795,000	5,790,061	3.81
1	5,895,001	5,900,000	5,900,000	3.88
1	11,965,001	11,970,000	11,969,496	7.87
1	14,995,001	15,000,000	15,000,000	9.86
1	25,085,001	25,090,000	25,085,228	16.49
4,891			152,098,344	100.00

CATEGORIES OF SHARE HOLDERS

AS AT JUNE 30, 2012

PARTICULARS	SHARES HOLDERS	SHARES HOLDING	PERCENTAGE
INDIVIDUALS	4,792	79,504,871	52.27
ASOCIATED COMPANIES AND DIRECTORS	13	30,272,321	19.90
INSURANCE COMPANIES	3	76,159	0.05
FINANCIAL INSTITUTIONS	5	16,148,266	10.62
NBFCs	7	3,085,039	2.03
RETIREMENT FUNDS	-	-	-
PUBLIC LIMITED COMPANIES	4	4,778,180	3.14
OTHERS	67	18,233,508	11.99
TOTAL	4,891	152,098,344	100.00

DETAILS OF PATTERN OF SHAREHOLDING

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2012

Particulars	Shares Held	Percentage
Associated Companies, Undertaking and Related Parties		
AKD Investment Management Limited	27,515,395	18.09
AKD Securities Limited	2,889	0.00
Aqeel Karim Dhedhi Securities (Pvt.) Limited Staff Provident Fund	2,092,812	1.38
AKD Investment Management Limited Staff Provident Fund	601,046	0.40
NIT	75,740	0.05
ICP	11,760	0.01
Directors, Chief Executive & their spouse and minor children	60,179	0.03
Mr. Ahmed Abdul Sattar	46,084	0.03
Mr. Imran Motiwala	1,000	0.00
Mr. M. Ramzan Sheikh	1,000	0.00
Mr. Muhammad Amin Hussain	1,000	0.00
Ms. Ayesha Aqeel Dhedhi	9,095	0.00
Ms. Parveen Akhter Malik	2,000	0.00
Mr. Aurangzeb Ali Naqvi (Nominee Director of Aqeel Karim Dhedhi Securites (pvt.) Ltd.)	-	-
Executives	-	-
Public Sector Companies and Corporations	4,778,180	3.14
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	19,309,464	12.70
Individuals	79,504,871	52.27
Others	18,146,008	11.93
TOTAL	152,098,344	100.00

SIX YEARS KEY FINANCIAL DATA AT A GLANCE

	2007	2008	2009	2010	2011	2012
	----- Rupees -----					
Total Income / (Loss)	447,571	70,037	(374,128)	179,751	150,680	323,130
Operating Profit/ Net Income / (Loss)	416,435	35,191	(394,759)	140,605	123,331	290,165
Cash Dividend (Rupees)	0.75	-	-	0.85	0.75	1.20
Cash Dividend %	15.00	-	-	17.00	15.00	24.00
Stock Dividend (Rupees)	0.50	0.63	-	-	-	-
Stock Dividend %	10.00	12.50	-	-	-	-
Paid up Share Capital	614,539	675,993	760,492	760,492	760,492	760,492
Reserves and Unappropriated Profit	659,393	540,949	61,191	201,796	195,843	371,934
Net Assets	1,308,525	1,237,941	831,434	968,463	963,068	1,134,946
Earnings per Share (Rupees)	3.39	0.26	(2.60)	0.92	0.81	1.91
Break up Value per share (Rupees)	10.65	9.16	5.47	6.37	6.33	7.46
Ratio of:						
Operating profit / (loss) to Income / (loss)	0.93	0.50	(1.06)	0.78	0.82	0.90
Return / (loss) on Net Assets Employed	0.32	0.03	(0.47)	0.15	0.13	0.26

PERFORMANCE TABLE

	2012	2011	2010
	----- Rupees in '000'-----		
Total net assets value	1,134,946	963,068	968,463
Net assets value per share - Rupees	7.46	6.33	6.37
Net Income for the year	290,165	123,331	140,605
Return of fund			
Income distribution	182,518	114,074	129,284
Accumulated capital growth	189,416	81,769	72,512
Distribution per share			
Annual - Rupees	1.20	0.75	0.85
Interim - Rupees	-	-	-
Average annual return			
	----- Percentage-----		
One Year	34%	15%	16%
Two Year	24%	16%	(9%)
Three Year	22%	(1%)	(5%)

- 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 share price and investment return may go down, as well as up.
- The breakdown of the Fund's investment portfolio between industry sectors has been disclosed in note 5 to the financial statements.

STATEMENT OF INCOME AND EXPENDITURE
**OF THE MANAGEMENT COMPANY IN RELATION TO THE INVESTMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2012**

	2012	2011
	Rupees in '000'	
INCOME		
Remuneration from Golden Arrow Selected Stocks Fund Limited	18,157	19,661
Dividend income	20,637	22,071
	38,794	41,732
OPERATING EXPENSES		
Salaries, allowances and other benefits	11,746	16,350
Office rent	2,235	2,636
MUFAP subscription	202	157
Fees and subscription	93	121
Printing and stationery	164	146
Vehicle running and maintenance	708	681
Travelling and conveyance	171	369
Repairs and maintenance	312	282
Legal and professional charges	918	480
Credit rating fee	170	146
SECP license fee	270	243
Utilities	798	738
Communication	358	505
Postage and courier	141	85
Depreciation	1,180	2,110
Insurance	399	390
Auditors' remuneration	171	131
Software maintenance	18	16
Computer expenses	541	423
Entertainment	187	139
Miscellaneous	338	1,038
Financial Cost	18	114
	21,138	27,300
NET PROFIT FOR THE YEAR	17,656	14,432

Note: Above mentioned expenses are based on revenue generated through Collective Investment Schemes (CIS) during the year. Expenses directly related to CIS are allocated to specific CIS.

PROXY FORM

ANNUAL GENERAL MEETING

I/We _____
of _____
being member(s) of Golden Arrow Selected Stocks Fund Limited holding _____
ordinary Shares hereby appoint _____
of _____ or failing him / her _____
of _____ who is / are also member(s) of Golden Arrow Selected Stocks Fund
Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our
behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Friday,
28 September, 2012 at 9:00 a.m. and / or any adjournment thereof.
As witness my / our hand seal this _____ day of _____ 2012
Signed by _____
in the presence of _____

Shareholder Folio No.
CDC Participant I.D. No.
& Sub Account No.

Signature on
five Rupees
Revenue
Stamp

The signature should
agree with the
specimen registered
with the Company

Important:

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, Golden Arrow Selected Stocks Fund Ltd., 216-217, Continental Trade Centre, Block-8, Clifton, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/her himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



**AKD Investment
Management Ltd.**

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
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