

**Golden Arrow**  
SELECTED STOCKS FUND LIMITED



2014



# annual report

**Partner  
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Profit from the  
Experience**



Managed by: AKD Investment Management Ltd.

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# Company Information

## BOARD OF DIRECTORS

### CHAIRMAN

Mr. Ahmed Abdul Sattar\*

### DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. Imran Motiwala\*

### DIRECTORS

Ms. Anum Dhedhi\*\*

Mr. Aurangzeb Ali Naqvi\*

Mr. Muhammad Siddiq Khokhar\*

Mr. Abdul Karim Memon\*

Mr. Muzammil Abdul Karim\*\*

### AUDIT COMMITTEE

Mr. Muhammad Siddiq Khokhar (Chairman)

Mr. Abdul Karim Memon (Member)

Mr. Aurangzeb Ali Naqvi (Member)

Mr. Abdul Qadir Sultan (Secretary)

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Munir Abdullah

### COMPANY SECRETARY

Mr. Muhammad Yaqoob

### HEAD OF INTERNAL AUDIT

Mr. Abdul Qadir Sultan

### HEAD OF COMPLIANCE

Mr. Rashid Ahmed

### MANAGEMENT COMPANY

AKD Investment Management Limited

216-217, Continental Trade Centre, Block-8,

Clifton, Karachi -74000.

### CUSTODIAN

Central Depository Company

of Pakistan Limited

CDC House 99-B, Block 'B'

S.M.CH.S., Main Shakra-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

JWAFFS Registrar Services (Pvt.) Ltd.

505, 5th Floor, Kashif Centre,

Near Hotel Mehran, Main Shahrah-e-Faisal

Karachi - 75530.

Tel: 021-35643871-72

### RATING

PACRA: MFR 5-Star (3-years period)

PACRA: MFR 5-Star (1-year period)

### MANAGEMENT COMPANY

JCR-VIS: AM3 - (AM-Three) Minus

PACRA: AM3 (AM Three) (Issued on September 26, 2014)

\* Approval pending from SECP

\*\* Ms. Anum Dhedhi and Mr. Muzammil Abdul Karim appointed in place of Mr. Abdul Qadir and Mr. Muhammad Yaqoob respectively subject to approval from SECP.

## *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**

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Notice is hereby given that the Thirty First Annual General Meeting of Golden Arrow Selected Stocks Fund Ltd will be held on Monday, 27 October, 2014 at 09:30 a.m. at The Institute of Chartered Accountant of Pakistan Auditorium, Clifton, Karachi to transact the following business:-

### **ORDINARY BUSINESS:**

1. To confirm the minutes of the Annual General Meeting held on September 27, 2013.
2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended June 30, 2014.
3. To approve the payment of final cash dividend @ 20% i.e. Re.1.00 per share of Rs.5/- each as recommended by the Board of Directors in addition to first interim cash dividend @ 44% i.e. Rs.2.20 per share of Rs.5/- each and second interim cash dividend @ 22% i.e. Rs.1.10 per share of Rs.5/- each already paid in February 2014 and June 2014 respectively making a total cash dividend @ 86% i.e. Rs.4.30 per share of Rs.5/- each for the year ended June 30, 2014.
4. To appoint Auditors of the Company and to fix their remuneration for the year ending June 30, 2015. 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

**Muhammad Yaqoob**  
Company Secretary

Karachi: October 3, 2014

### **Notes:**

1. The share transfer books of the Company will remain closed from October 20, 2014 to October 27, 2014 (both days inclusive). Physical scrips transfers / CDS transaction IDs received in order at the office of Share Registrar, JWAFS Registrar Services (Pvt.) Limited, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi at the close of the business day on October 19, 2014 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, JWAFS Registrar 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 the notification of the Securities and Exchange Commission of Pakistan, SRO 779/(I)/2011 and SRO 831(I)/2012 of dated 18 August, 2011 and 5 July, 2012 respectively, both SROs stated that the 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

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The Board of Directors of Golden Arrow Selected Stocks Fund Limited is pleased to present the Audited Financial Statements for the year ended June 30, 2014.

### ECONOMY

FY2014 saw the Government coming true on its promise to bring the country's economy back on track which resulted in a significant improvement in key economic indicators. A key highlight was improvement on the external account underpinned by the steep rise in the central bank's reserves to more than US\$14bn at end FY2014, providing more than 3.5 months of import cover. Stability on the external account front received a positive response from Moody's in the form of outlook upgrade on Pakistan's Sovereign Bonds from 'Negative' to 'Neutral'. However, rating of bonds was reaffirmed as CAA1. In the same vein, Pakistan's Current Account deficit clocked in at US\$2.9bn i.e. 1.2% of GDP, 17%YoY higher than the preceding year mainly due to rising imports, but manageable nonetheless.

Improvement on the external account front paved the way for a stronger PKR that appreciated by 0.16% vs. the US\$ during the year, with 6.8% appreciation witnessed during 3QFY14 alone. This arose on the back of US\$1.5bn assistance provided by Saudi Arabia, release of US\$2.2bn in four equal tranches by IMF from its US\$6.8bn support program approved in September 2013, proceeds of US\$2bn from the sale of sovereign Eurobonds issued at the beginning of April and US\$1.1bn from the auction of 3G & 4G licenses. That said, nascent pressure points have emerged where the ongoing political impasse has led to delays in release of IMF tranches and the proposed OGDC offering. These developments need monitoring since Pakistan's economy is still in recovery mode.

CPI inflation clocked in at 8.6%YoY in FY14 compared to 7.4% in the same period last year. Inflation largely remained stable during the year barring few seasonal cost pressures in 1HFY14 including food supply disruptions and hike in electricity prices. The State Bank of Pakistan has so far prudently decided to maintain the Discount Rate at 10%. Monetary easing appears to be on the cards across the 2HFY14 but risks stem from sustainability of the reforms process.

On another positive note, FY14 GDP growth clocked in at 4.1% vs. 3.6% growth recorded in the preceding year with the manufacturing sector providing the much needed push. In this regard, private sector credit offtake during FY14 increased by 11%YoY with major chunk of fresh lending going to Food & Beverages, Textile, Energy and Agriculture Sectors. Consequently LSM registered a growth of 3.95%YoY for FY14 indicating improvement in the business environment of the country and confidence by the investors in the future. This was aided by the government's continued focus on energy reforms which is providing impetus to the manufacturing sector. Again however, sustainability of this uptick is dependent on a resolution to circular debt amidst continuing energy sector reforms.

### STOCK MARKET

The market maintained an upward trajectory in FY14 with the KSE-100 Index delivering another strong return of 41% after the 52% return witnessed in FY13. Last year's market performance was a result of re-rating on the back of positive economic developments and continued foreign flows in the bourses amidst a doubling of Pakistan's weight in the MSCI Frontier Market Index. At the same time, corporate profitability remained robust with key sectors E&P and Automobiles posting 36.14%YoY profit growth and 31%YoY growth, respectively, in 2014.

FY14 saw KSE All Share volumes declined by 3.1%YoY to average 215mn shares/day while the average traded value increased by 14.8%YoY to PKR8.7bn. This contrast was due to investor focus shifting towards large cap stocks as blue chips led the rally. Taking a look at monthly index change shows that the index closed positive in eight months during FY14, with the highest monthly index

change of 11% witnessed in the month of July. While giving some relief over the Capital Gains Tax rate (12.5% instead of scheduled 17.5%), the Government made up for this concession by increasing the duration of CGT up to 2 years, while also imposing a 5% tax on bonus share in Federal Budget FY15.

Among key capital market developments, the Government was able to successfully kick start the dormant privatization program after a period of seven years with secondary public offerings of UBL and PPL taking place. More offerings are to follow in FY15 with transactions for OGDC, HBL and ABL expected to materialize.

## SECTORS

**Banks:** The banking industry in FY14 took full advantage of the opportunity presented by the Government to grow at an outstanding pace by investing in PIBs which now account for close to 30% of the sector's investment portfolio as compared to the previous 10yr average of 13%. Questions over banks' ability to maintain their margins due to minimum rate on deposit linked with Repo rate were countered by record highest participation in PIBs particularly in 2HFY14, with Banks accounting for 67.3% (PKR 2.17trn) in FY14 thus locking in a much higher rate. This, coupled with improving asset quality and a pickup in private sector credit, enabled the banking sector to counter the impact of tighter regulations on interest margins to post robust profits.

**Oil & Gas:** Oil sector fortunes fluctuated with the increased global geopolitical tensions during the year. Arab Light oil prices reached their highest levels (US\$112/bbl) since Sep'13 during the last week of Jun'14 due to tension in the Middle East, however price have retreated back to settle at US\$108/bbl in the first week of Jul'14. The price increase has been subdued, if compared to a similar crisis in 2011, mainly due to the rising production from the US which has decreased its reliance on crude imports. On the domestic front, FY14 petroleum product sales increased by 10%YoY to a record of 21.4mn tons, with volumes aided by a one-off circular debt payment in late FY13.

**Textiles:** Textile exports surged to US\$13.74bn during FY14 compared to US\$13.05bn in the preceding year, with the increase partly attributable to the commencement of GSP Plus status granted to Pakistan by the European Union (EU). In this regard, textile exports to the EU registered an increase of 18%YoY to more than US\$5bn for the first time.

**Cement:** The cement industry in FY14 remained in the spotlight on the back of a high PSDP allocation in the FY15 Budget amidst moves towards expansion. The cement sector has gained 62.5% since last year's general elections, outperforming the overall market by more than 23%. Price of cement has been on the rise since July'13 due to major projects announced and strong local demand. Furthermore, profitability was augmented by the continued decline in the international coal prices.

**Fertilizers:** The fertilizer sector saw drastic changes where in January'14, GIDC rates on feedstock increased from PKR197/mmbtu to PKR300/mmbtu alongside a similar increase in GIDC rates for fuel stock. This matter has been brought to the court's where the Supreme Court has struck off GIDC since its inception. Although a positive, it remains to be seen whether the GoP re-imposes GIDC through a different manner. From a medium term perspective, the fertilizer industry continues to be plagued by gas shortages.

**Telecoms:** The Telecommunication sector of Pakistan witnessed some positive changes, punctuated by the 3G and 4G auction. Almost all cellular companies participated, opening a new era for the sector. Going forward, telecom sector profitability also depends on tapping into the broadband potential. Among the negatives is the recent breakup of the ICH mechanism (subject to appeals).

**Electricity:** During FY14, IPPs continued to face liquidity issues as the power purchaser failed to make timely payments. After a considerable decline in receivables as a result of circular debt clearance in Jun'13, power company receivables have piled up again. Medium-term dynamics of the electricity space involve coal conversion/setting up of new coal-based plants but require active regulatory support.



## MUTUAL FUND INDUSTRY

The open end mutual fund industry expanded by 16.6% during the year to close at PKR386 billion. Money market funds remained the dominant asset class; closing at PKR 114bn. Equities registered the highest growth in AUMs, tracking the market's rally. As a result, Assets under Management (AUM) of equity funds grew by 43.5 %, closing the year at PKR 89 billion, surpassing income funds which closed the year at PKR 65 billion, up by 18%YoY. Part of this shift is also due to the decline in baseline yields on fixed income instruments, making both income and money market funds less attractive compared to equity funds.

## FUND PERFORMANCE

For the year ended June 30, 2014, GASSFL posted a return of 51.67% vs. the KSE-100 Index return of 41.16%, a significant out performance of 10.51% against its benchmark. GASSFL posted a profit of PKR 734.748mn against a profit of PKR 802.871mn in the same period last year.

## DIVIDEND

The Board of Directors of Golden Arrow Selected Stocks Fund Limited has pleasure in recommending final cash dividend at the rate of Re. 1.00 per share in addition to interim dividends of Rs.2.20 and Rs 1.10 per share for the financial year ended June 30, 2014 (2013: 2.10 Rs./Share), subject to the approval of the Shareholders in the Annual General Meeting.

## 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.
- (g) Outstanding statutory payment on account of taxes, duties, levies and charges have been fully disclosed in the Financial Statements.
- (h) The statement showing the attendance of Directors in BOD meetings is as under:

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. Aurangzeb Ali Naqvi*	4	4	0
4	Mr. Muhammad Siddiq Khokhar*	4	4	0
5	Mr. Abdul Karim Memon*	4	4	0
6	Mr. Muhammad Yaqoob*	4	4	0
7	Mr. Abdul Qadir**	2	2	0

\* The election of directors took place on may 09, 2013 and their approval is pending from SECP  
\*\* Abdul Qadir appointed on September 25, 2013 tender his resignation on March 14, 2014

### **RATING OF GOLDEN ARROW SELECTED STOCKS FUND LIMITED**

The Pakistan Credit Rating Agency (PACRA) has assessed the performance ranking of Golden Arrow Selected Stocks Fund Limited (GASSFL) for the period ended December 31, 2013 at "MFR 5 Star" dated April 08, 2014, very good performance' viz a viz other closed end mutual funds based on 3 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 propose M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, as auditors for the year ending June 30, 2014, subject to the approval of the Shareholders in the Annual General Meeting.

### **FUTURE OUTLOOK**

With the backdrop of the ongoing political impasse and a full scale military operation (Zarb-E-Azb) in North Waziristan, the market recently came under pressure with volumes drying out. This narrative was compounded by flash floods in Punjab which can introduce a fresh wave of inflationary pressures in the short run. Consequently, KSE-100 index shed ~8% from its CYTD high of 30,474.75 to now trade at a forward P/E of 8.41 times with a dividend yield of 5.59%. These valuations are still attractive as compared to the regional peers, with the discount to the region at 30%. However, resumption of the Bull Run leading to new highs is dependent on the return of political stability.

### **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 AKD Investment

Management Limited. The Board will also like to thank shareholders for their confidence in the Company and their continued support and guidance.

### **MATERIAL INFORMATION**

As per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended by Securities and Exchange Commission of Pakistan (SECP) vide its Notification S.R.O. 1492(I)/2012 dated December 26, 2012 an asset management company managing an Investment Company shall, from the expiry of five years from November 21, 2007, hold within one month of such period a meeting of shareholders to seek their approval to convert the Investment Company into an Open End Scheme (by simple majority) or wind up the Investment Company (by special resolution). Further, during the current year, SECP vide its Notification S.R.O 1399(I)/2012 dated November 28, 2012 extended the timeline for convening the shareholders till January 31, 2013. In compliance with above referred regulation, the Company convened a meeting of shareholders on January 31, 2013. However, neither the conversion of the Company into an Open End Scheme nor its winding up was approved by the shareholders by the majority specified in the said regulation. This fact was communicated to the stock exchanges and the SECP.

Subsequently, the Company received a notice from SECP on February 21, 2013 citing non-compliance of the aforementioned Regulation and advised the Company to take immediate corrective action by calling another EOGM of shareholders. The Company being aggrieved by the said notice preferred to a Constitutional Petition before the Honorable Sindh High Court on the ground that Regulation 65 is ultra vires. The Honorable Sindh High Court, after a preliminary hearing, has granted an ad-interim relief to the Company by restraining the SECP from taking any coercive action against the Company during the pendency of the petition.

The future operations of the Company are dependent on the outcome of the above referred Constitutional Petition. The management and the Company's legal counsel are of the view that the scheme of Regulation 65 in the way it has been framed is not in accordance with the principles of Company Law as well as the Constitution of Pakistan. Furthermore, they are confident that the Honorable Sindh High Court will strike down Regulation 65 or direct SECP to devise a more practical implementation scheme. However, the management believes that, in the worst case scenario, 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.

For and on behalf of the Board

Karachi: September 19, 2014

**Imran Motiwala**  
Chief Executive Officer

**FUND MANAGER’S REPORT**

**i. Description of the Collective Investment Scheme Category and type:**

Closed End - Equity Scheme

**ii. Statement of Collective Investment Scheme's investment objective:**

Disciplined and balanced fund management strategy focusing on fundamentally strong companies offering deep-value, coupled with few cherry-picked growth companies

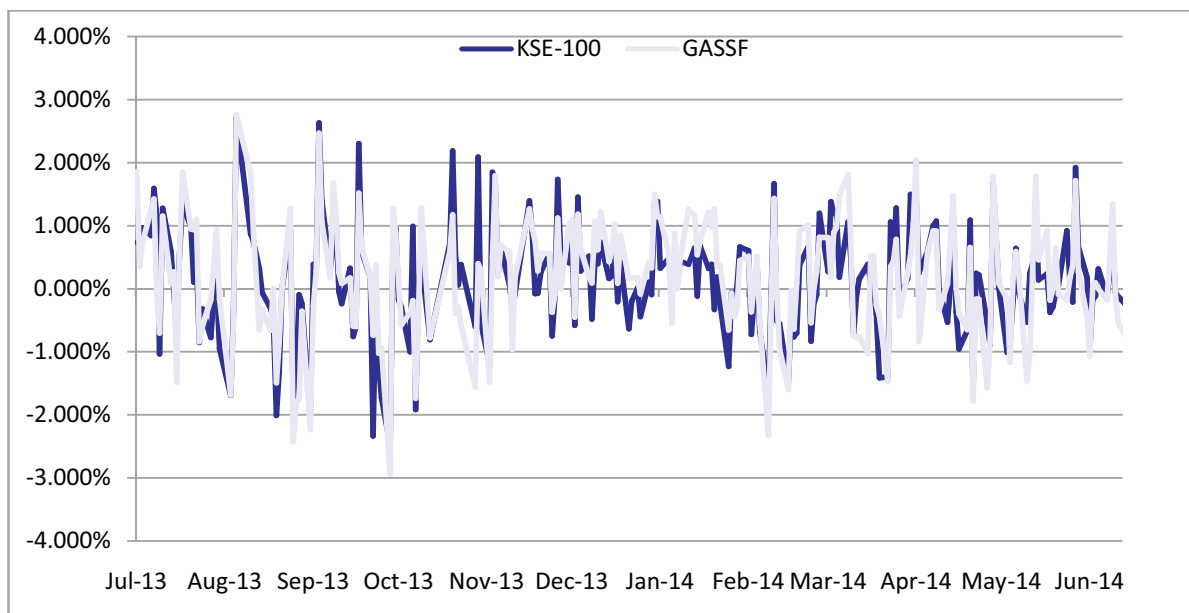
**iii. Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the FY14, the return of the Golden Arrow Selected Stocks Fund Limited (GASSFL) stood at a 51.67% versus the benchmark KSE-100 Index of 41.16%, thus significantly outperforming the benchmark by 10.51%

**iv. Statement of benchmark (s) relevant to the Collective Investment Scheme:**

KSE -100 Index

**v. Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmark:**



Monthly Yield	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
<b>GASSF</b>	13.01%	-5.88%	1.11%	-1.27%	7.02%	11.36%	12.69%	-1.53%	3.86%	3.89%	3.60%	-3.09%
<b>Benchmark</b>	10.98%	-4.94%	-1.48%	4.32%	6.7%	3.95%	6.03%	-3.74%	5.34%	6.45%	2.85%	-0.29%

**vi. Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance:**

GASSFL posted an absolute return of 51.67% versus the benchmark KSE-100 Index return of 41.16%, significantly outperforming the index for the year ended 30 June 2014. The Fund's rating agency PACRA as of December 31, 2013 rated GASSFL "5 Star" (the highest rating) as the Fund outperformed all its peer group funds for the year. GASSFL also acquired three year average rating to "5 Star" highlighting its success in earning superior returns for its investors.

During the year the Fund earned realized and unrealized gains of PKR 476.88mn and PKR 259.90mn respectively, which accounts for PKR 10.96 NAV per share and a return of 51.67%.

During FY14, the Fund continued to focus on fundamentally strong undervalued stocks with potential for growth. Major contributions in terms of realized gains came from Wyeth Pakistan Limited - PKR 53.11mn, Engro Corporation Limited - PKR 50.20mn and K-Electric Limited - PKR 32.80mn. Major contributions in terms of the unrealized gains came from TRG Pakistan Limited - PKR 42.94 mn, Sui Southern Gas Company Limited - PKR 27.71mn and Habib Bank Limited - PKR 25.11mn respectively.

GASSFL remains in line with its core investment philosophy of investing in Strong fundamental value stocks with high expected capital appreciation and a regular flow of dividend.

**vii. Disclosure of Collective Investment Scheme's asset allocation as the date of the report and particulars of significant changes in asset allocation since the last report (if applicable):**

Asset Allocation (% of Total Asset)	June-14	Mar-14
Equities	96.68%	86.48%
Cash	3.03%	12.46%
Other Assets	0.29%	1.07%
Leverage	Nil	Nil

**viii. Analysis of the Collective Investment Scheme's performance:**

FY14 Return	51.67%
Benchmark Return	41.16%

**ix. Changes in total NAV and NAV per share since the last reviewed period:**

Net Assets Value		NAV Per Unit		
June-14	Mar-14	Change in Net Assets	June-14	Mar-14
----- (Rupees in 000') -----			Rs.	Rs.
1,666,697	1,759,855	-5.27%	10.96	11.57

**x. Disclosure on the markets that the Collective Investment Scheme has invested in including review of the market (s) invested in and returns during the period:**

**ECONOMY**

The year under review witnessed the State Bank of Pakistan going ahead with its monetary tightening stance as it increased the discount rate to 10%, up 50bps. However, high interest rates have not only increased the existing debt burden but also resulted in crowding out of the private sector as the Government itself remained the major borrower. Owing to the same reason, the country witnessed a GDP growth of 4.1%, less than the consensus expectations of 4.30%. Although a decrease in the discount rate is required to boost up productivity of the economy, there are several factors that suggest an uptick in inflationary pressure going forward making it difficult for the SBP to come up with a monetary loosening stance. Such factors include increase in rental expenses, removal of power subsidies, deteriorating law and order situation, ongoing political dilemma and a possible disruption/shortage of daily use commodities and perishables goods due to heavy floods.

During the period under review, IMF rescued Pakistan as it neared sovereign default; however the help came with various fiscal tightening pre-conditions, including the abolishment of power subsidies. It is essential to understand that even though increasing electricity and gas tariffs would not be

the most welcoming decision but it shall eventually bear fruits in the longer term.

Pakistan's foreign currency reserves managed to cross the \$14 billion mark in FY14 as Saudi Arabia contributed \$1.5 billion dollars towards the country's depleting reserves, coupled with a part of IMF loan tranche received during the period. Also, the much awaited 3G auctions finally took place and managed to raise sufficient capital for the government, providing support to the local currency and economy. The developments are expected to pave way towards a stable Pak rupee going forward.

On the international front, oil prices are expected to be range bound within narrow limits. This is primarily underpinned by comfortable OPEC production forecast despite geo-political concerns in Iraq and Syria. Resultantly, the overall global inflation outlook remains average. Moreover, ample liquidity along with global appetite for high returns underpins Pakistan's prospects of attracting further capital from international markets.

In a bid to restore the macroeconomic balance of the country, resolve the energy crisis to pave way for economic growth and development, the Government of Pakistan embarked upon reforms on the structural and fiscal front with the help of IMF's extended fund facility agreement.

Karachi Stock Exchange has continued to show resilience as broad market valuations remain attractive. The Market continues to trade at attractive levels currently at 8.4x earnings multiple with EPS growth of 13%, ROE of 21.50% and dividend yield of 5.57%, thereby offering investors ample opportunities to benefit from. As we go ahead, we base our investment strategies focusing on companies with earnings growth potential and lucrative dividend yields trading below their respective intrinsic values.

#### **MONEY MARKET REVIEW**

CPI Inflation was recorded at 7.4%, witnessing a decline of 0.8% in Jul-Aug 2014. In view of the rising inflationary pressures going forward and deepening dent on the foreign exchange reserves due to the delay of IMF tranche, SBP decided to maintain the discount rate at 10% in September 2014.

During FY14 SBP auctioned T-Bills and PIBs of various maturities. In total 26 T-bill auctions were conducted during the year where the government managed to raise PKR 6.642trn, with the majority of the amount being raised in 2QFY14. The SBP conducted 12 PIB auction in FY14 and raised 2.083 trillion. The current year witnessed a rise in PIB yields with the latest 3-year paper being auctioned at 12.59%, 5-year 12.99% and 10-year paper at 13.45%.

#### **EQUITY MARKET**

The market showed an upward trend in FY14 with KSE-100 index posting a return of 41% as compared to 52% return realized in FY13. During the period under review, market performance flourished followed by positive economic developments and continued foreign flows in the bourses amidst a doubling of Pakistan's weight in the MSCI Frontier Market Index. Key sectors E&P and Automobiles posted a growth of 36.14%YoY and 31%YoY, respectively, due to higher corporate profitability. On the other hand, Federal Budget 2014-2015 provided some relief over the Capital Gains tax rate (12.5% instead of scheduled 17.5%)

Among key market developments, the Government was able to successfully kick start the dormant Privatization program after tenure of seven years with secondary public offerings of UBL and PPL taking place. More offerings are to follow in FY15 with transactions for OGDC, HBL and ABL expected to materialize.

#### **FUTURE OUTLOOK**

Following recent developments including escalation of the political tensions, military operations in North Waziristan and the floods in the Northern areas of Pakistan have led to downward pressures at the local bourse. The political impasses between the ruling party and its main rivalry has not only hampered the economy for the short term but has also brought reforms to a standstill. However electoral reforms key demand from the agitating political party is expected to bring a new era of governance through a more transparent mode of general elections.

Peculiar law and order situation has been one of the prime imperdients to the prosperity of the country in terms of foreign investments; however hopes of positives remain high from the Operation Zarb-e-Azb, which would lead ti increased foreign investments going forward. The market would remain range bound till such time the dark clouds of encertainty blow over. We would however advice our investors to remain invested with a longer term strategy to reap utmost benefit from the positive potential outcome.

- xi. Disclosure on distribution (if any), comprising:- particulars of income distribution or other forms of distribution made and proposed during the period; and statement on effects on the NAV before and after distribution is made.**

Distribution			Per Share	
Distribution Date	Cash	Per Share	Cum NAV	Ex NAV
19-Sep-13	167,308	1.10	11.6046	10.5046
17-Feb-14	334,616	2.20	13.3068	11.1068
11-May-14	167,308	1.10	11.9924	10.8924

- xii. Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements:**

There was no significant change in the state of affairs during the period and up till the date of the Fund Manager's report.

- xiii. Breakdown of unit holdings by size.**

Range of Shares			No. of share holders
1	to	980,000	5,363
980,000	to	2,095,000	7
2,095,001	to	4,755,000	8
4,755,001	to	above	3
<b>Total</b>			<b>5,381</b>

- xiv. Disclosure on share split (if any), comprising :**

There was no share split during the period.

- xv. Disclosure of circumstances that materially affect any interests of Share holders**

Investments are subject to credit and market risk.

- xvi. Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme.**

No soft commission has been received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

## **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 (Chapter XI) 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:

<b>Category</b>	<b>Name</b>
Independent Directors	Mr. Muhammad Siddiq Khokhar
Executive Directors	Mr. Imran Motiwala Ms. Anum Dhedhi
Non-Executive Directors	Mr. Ahmed Abdul Sattar Mr. Aurangzeb Ali Naqvi Mr. Abdul Karim Memon

The independent Director meet 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 seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).
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. During the year, three casual vacancies occurred on the Board of Directors and filled within the period of 90 days. The Board was re-constituted on 9th May, 2013 for which the Company applied for Fit & Proper Criteria to the SECP for its Directors, however, the approval is pending from the SECP as at year end.
5. The Company being an Investment Company has adopted the "Code of Conduct" of its Management Company and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the 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 of the Asset Management Company.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. 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 Directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of Memorandum and Articles of Associations and are aware of their duties and responsibilities. However, during the year no training programs were arranged for any of the Directors of the Company.



10. No new appointment of CFO and Company Secretary has been made during the year.
11. 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.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive Directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter 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.
17. The Company being an Investment Company does not have any employee on its payroll. The operations of the Company are managed by the Asset Management Company. The Board of the Asset Management Company has formed a Human Resources & Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive Directors including the chairman, who is a non-executive Director.
18. The internal audit function of the Company is performed by the internal audit department of the Asset Management Company who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. 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 ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed the IFAC guidelines in this regard.
21. The 'Closed Period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to Directors, employees and stock exchanges.
22. Material price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with, except that, the Board put in place an annual evaluation mechanism of the Board of Director's own evaluation, which was approved by the Board in its meeting held on September 19, 2014.

For and on behalf of the Board

**Imran Motiwala**  
Chief Executive Officer

Karachi: September 19 , 2014

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

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Golden Arrow Selected Stocks Fund Limited** (the Company) for the year ended **30 June 2014** to comply with the said Code.

The responsibility for compliance with the Code is that of the Board 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 and to highlight any non-compliance with the requirements of the Code. 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval the Company's 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 as applicable to the Company for the year ended 30 June 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement:

<b>Paragraph Reference</b>	<b>Description</b>
9	No training programs were arranged for any of the directors of the Company during the year.
23	The mechanism for annual evaluation of the Board's performance as per the requirements of the Code of Corporate Governance was approved by the Board on September 19, 2014.

Furthermore, we draw attention to paragraph 4 of the Statement regarding the approval of directors, which is currently pending with the Securities and Exchange Commission of Pakistan.

Karachi: September 19, 2014

**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 2014** and the related income statement, distribution statement, cash flow statement, statement of changes in equity and statements 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 statements of movement in equity and reserve 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 2014 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 attention to note 1.4 to the accompanying financial statements which states that the resolution regarding the conversion of the Company into an open end scheme or its winding up was not approved in the meeting of the shareholders held on 31 January 2013 as per the majority specified in the applicable regulations. Subsequently, a notice for non-compliance of clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 was received by the Company from the SECP. In response, the Company filed a constitutional petition against the said notice which is currently pending adjudication before the Honorable Sindh High Court. Hence, as disclosed in the said note, the future operations of the Company are dependent on the outcome of the above referred constitutional petition. However, the accompanying 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.

Karachi: September 19, 2014

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

**STATEMENT OF ASSETS AND LIABILITIES**
**AS AT JUNE 30, 2014**

	Note	2014 ----- (Rupees in '000) -----	2013 -----
<b>ASSETS</b>			
Bank balances	4	53,271	34,468
Receivable against sale of investments		-	927
Investments	5	1,698,189	1,617,620
Dividend and profit receivable	6	2,167	1,162
Tax refundable		124	124
Security deposit	7	2,750	2,750
<b>Total Assets</b>		<b>1,756,501</b>	1,657,051
<b>LIABILITIES</b>			
Payable against purchase of investments		-	6,208
Payable to the Management Company	8	3,872	4,799
Accrued and other liabilities	9	8,965	2,443
Provision for Workers' Welfare Fund (WWF)	17	42,689	27,693
Unclaimed dividend		34,278	13,906
<b>Total Liabilities</b>		<b>89,804</b>	55,049
<b>NET ASSETS</b>		<b>1,666,697</b>	1,602,002
<b>SHARE HOLDERS' EQUITY</b>			
<b>Authorised capital</b>			
250,000,000 (June 30, 2013: 250,000,000)			
Ordinary shares of Rs.5 each		1,250,000	1,250,000
<b>Issued, subscribed and paid-up capital</b>			
Share capital	10	760,492	760,492
General reserve		500	500
Unrealised appreciation on re-measurement of investments classified as 'available-for-sale' - net	5.3	-	821
Undistributed income		905,705	840,189
		<b>1,666,697</b>	1,602,002
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER SHARE</b>	11	<b>10.96</b>	10.53
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

The annexed notes from 1 to 32 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, 2014

	Note	2014 ----- (Rupees in '000) -----	2013 -----
<b>Income</b>			
Gain on sale of investments - net	13	477,710	320,084
Dividend income		65,172	69,617
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.1	259,904	468,871
Income on term finance certificates		-	12
Profit on bank deposits		6,348	2,363
<b>Total income</b>		<b>809,134</b>	<b>860,947</b>
<b>Expenses</b>			
Remuneration to Management Company	8.1	35,031	26,342
Sales Tax on management fee	14	6,502	4,256
Provision for indirect taxes and duties	15	5,605	260
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		1,664	1,251
Remuneration to Custodian - Central Depository Company of Pakistan Limited (CDC)		1,123	885
Auditors' remuneration	16	340	307
Legal and professional charges		209	1,793
Annual listing fee		477	383
Central Depository System charges		248	205
Fees and subscription		425	420
Securities transaction cost		6,283	4,297
Bank charges		14	10
Director's fee		180	176
Printing and related cost		1,040	690
Postage expense		186	105
Advertising		64	311
Provision for Workers' Welfare Fund (WWF)	17	14,995	16,385
<b>Total expenses</b>		<b>74,386</b>	<b>58,076</b>
<b>Net income before taxation</b>		<b>734,748</b>	<b>802,871</b>
Taxation	18	-	-
<b>Net income after taxation</b>		<b>734,748</b>	<b>802,871</b>
<b>Other comprehensive income</b>			
Unrealised diminution arising during the year on re-measurement of investments classified as 'available-for-sale' - net	5.3	-	(1,199)
Reclassification adjustment for gain included in the income statement		(821)	-
<b>Total comprehensive income for the year</b>		<b>733,927</b>	<b>801,672</b>
<b>Earnings per share</b>			
	19	4.83	5.28

The annexed notes from 1 to 32 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, 2014**

	<b>2014</b>	<b>2013</b>
	----- (Rupees in '000) -----	
Undistributed income brought forward	<b>840,189</b>	371,934
Net income after taxation for the year	<b>734,748</b>	802,871
Final dividend for the year ended June 30, 2013 @ 22% (Rs.1.10 per share) [June 30, 2012 @ 24% (Rs.1.20 per share)] declared on August 20, 2013	<b>(167,308)</b>	(182,518)
Interim dividend for the year ended June 30, 2014 @ 44% (Rs.2.20 per share) [June 30, 2013: @ 20% (Rs.1.00 per share)] declared on January 31, 2014	<b>(334,616)</b>	(152,098)
Interim dividend for the year ended June 30, 2014 @ 22% (Rs.1.10 per share) [June 30, 2013: Nil] declared on April 17, 2014	<b>(167,308)</b>	-
Undistributed income carried forward	<b>905,705</b>	840,189

The annexed notes from 1 to 32 form an integral part of these financial statements.

**Imran Motiwala**  
Chief Executive Officer

**Aurangzeb Ali Naqvi**  
Director

**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	2014	2013
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before taxation	<b>734,748</b>	802,871
<b>Adjustments:</b>		
Gain on sale of investments - net	<b>(477,710)</b>	(320,084)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	<b>(259,904)</b>	(468,871)
Provision for Workers' Welfare Fund	<b>14,995</b>	16,385
Provision for indirect taxes and duties	<b>5,605</b>	260
	<b>17,734</b>	30,561
<b>Decrease in assets</b>		
Receivable against sale of investments	<b>927</b>	2,912
Investments	<b>656,224</b>	307,069
Dividend and profit receivable	<b>(1,005)</b>	686
	<b>656,146</b>	310,667
<b>(Decrease) / increase in liabilities</b>		
Payable against purchase of investments	<b>(6,208)</b>	6,208
Payable to the Management Company	<b>(927)</b>	2,975
Accrued and other liabilities	<b>917</b>	77
	<b>(6,218)</b>	9,260
<b>Net cash generated from operating activities</b>	<b>667,662</b>	350,488
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	<b>(648,859)</b>	(330,589)
<b>Net cash used in financing activities</b>	<b>(648,859)</b>	(330,589)
<b>Net increase in cash and cash equivalents</b>	<b>18,803</b>	19,899
Cash and cash equivalents at the beginning of the year	<b>34,468</b>	14,569
<b>Cash and cash equivalents at the end of the year</b>	<b>53,271</b>	34,468

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The annexed notes from 1 to 32 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, 2014**

	Share capital	General reserve	Unrealised (diminution) / appreciation on re-measurement of investments classified as available-for-sale - net	Undistributed income	Total
	(Rupees in '000)				
<b>Balance as at June 30, 2012</b>	760,492	500	2,020	371,934	1,134,946
Net income for the year	-	-	-	802,871	802,871
Other comprehensive income for the year	-	-	(1,199)	-	(1,199)
Total comprehensive income for the year ended June 30, 2012	-	-	(1,199)	802,871	801,672
Final dividend for the year ended June 30, 2012 @ 24% (Rs.1.20 per share)	-	-	-	(182,518)	(182,518)
Interim dividend for the year ended June 30, 2013 @ 20% (Rs.1.00 per share)	-	-	-	(152,098)	(152,098)
<b>Balance as at June 30, 2013</b>	760,492	500	821	840,189	1,602,002
Net income for the year	-	-	-	734,748	734,748
Other comprehensive income for the year	-	-	(821)	-	(821)
Total comprehensive income for the year ended June 30, 2013	-	-	(821)	734,748	733,927
Final dividend for the year ended June 30, 2013 @ 22% (Rs.1.10 per share)	-	-	-	(167,308)	(167,308)
Interim dividend for the year ended June 30, 2014 @ 44% (Rs.2.20 per share)	-	-	-	(334,616)	(334,616)
Interim dividend for the year ended June 30, 2014 @ 22% (Rs.1.10 per share)	-	-	-	(167,308)	(167,308)
<b>Balance as at June 30, 2014</b>	<b>760,492</b>	<b>500</b>	<b>-</b>	<b>905,705</b>	<b>1,666,697</b>

The annexed notes from 1 to 32 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, 2014**

	2014 ----- (Rupees) -----	2013 ----- (Rupees) -----
<b>Net assets value per share at the beginning of the year</b>	<b>10.53</b>	7.46
Capital gain on sale of investments - net	<b>3.14</b>	2.10
Dividend income	<b>0.43</b>	0.46
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	<b>1.71</b>	3.08
Income on term finance certificates	-	-
Profit on bank deposits	<b>0.04</b>	0.02
<b>Net income for the period</b>	<b>5.32</b>	5.66
Operating expenses	<b>(0.49)</b>	(0.38)
Unrealised diminution on re-measurement of investments classified as 'available-for-sale'	-	(0.01)
Interim dividend for the year ended June 30, 2014 @ 44% (Rs.2.20 per share) [June 30, 2013 @ 20% (Re.1.00 per share)]	<b>(2.20)</b>	(1.00)
Interim dividend for the year ended June 30, 2014 @ 22% (Rs.1.10 per share) [June 30, 2013: Nil]	<b>(1.10)</b>	-
Final dividend for the year ended June 30, 2013 @ 22% (Rs.1.10 per share) [June 30, 2012 @ 24% (Rs.1.20 per share) ]	<b>(1.10)</b>	(1.20)
<b>Net assets value per share as at June 30</b>	<b>10.96</b>	10.53

The annexed notes from 1 to 32 form an integral part of these financial statements.

**Imran Motiwala**  
Chief Executive Officer

**Aurangzeb Ali Naqvi**  
Director

## NOTES TO THE FINANCIAL STATEMENTS

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### FOR THE YEAR ENDED JUNE 30, 2014

#### 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 The Pakistan Credit Rating Agency (PACRA) has assigned Company performance ranking of "MFR 5-Star" to the Company.
- 1.4** As per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended by Securities and Exchange Commission of Pakistan (SECP) vide its Notification S.R.O. 1492(I)/2012 dated December 26, 2012 an asset management company managing an Investment Company shall, from the expiry of five years from November 21, 2007, hold within one month of such period a meeting of shareholders to seek their approval to convert the Investment Company into an Open End Scheme (by simple majority) or wind up the Investment Company (by special resolution). Further, during the current year, SECP vide its Notification S.R.O 1399(I) 2012 dated November 28, 2012 extended the timeline for convening the meeting of share holders till January 31, 2013.

In compliance with above referred regulation, the Company convened a meeting of shareholders on January 31, 2013. However, neither the conversion of the Company into an Open End Scheme nor its winding up was approved by the shareholders by the majority specified in the said regulation. This fact was communicated to the stock exchanges and the SECP.

Subsequently, the Company received a notice from SECP on February 21, 2013 citing non-compliance of the aforementioned Regulation and advised the Company to take immediate corrective action by calling another extra ordinary general meeting of shareholders. The Company being aggrieved by the said notice preferred a Constitutional Petition before the Honorable Sindh High Court on the ground that Regulation 65 is ultra vires. The Honorable Sindh High Court, after a preliminary hearing, has granted an ad-interim relief to the Company by restraining the SECP from taking any coercive action against the Company during the pendency of the petition.

The future operations of the Company are dependent on the outcome of the above referred Constitutional Petition. The management and the Company's legal counsel are of the view that the scheme of Regulation 65 in the way it has been framed is not in accordance with the principles of Company Law as well as the Constitution of Pakistan. Furthermore, they are confident that the Honorable Sindh High Court will strike down Regulation 65 or direct SECP to devise a more practical implementation scheme. However,

the management believes that, in the worst case scenario, 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:

IAS 19 – Employee Benefits –(Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

#### **Improvements to Accounting Standards Issued by the IASB**

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

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

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

The following 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:

<b>Standard or interpretation</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 10 - Consolidated Financial Statements	January 01, 2015
IFRS 11 - Joint Arrangements	January 01, 2015
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 - Fair Value Measurement	January 01, 2015
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41 – Agriculture: Bearer Plants	January 01, 2016
IAS 19 - Employee Contributions	July 01, 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	January 01, 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	January 01, 2013
IFRIC 21 – Levies	January 01, 2014

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

<b>Standards</b>	<b>IASB Effective date (accounting periods beginning on or after)</b>
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

## **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**

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

- Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short-term profit taking are classified as held-for-trading.
- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

These investments are initially recognised at fair value, being the cost of the consideration given.

**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.

Investments in non-traded equity securities are valued on the basis of the valuation criteria laid down in clause 66 of NBFC Regulations.

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.
- Unrealized gains / (losses) arising on the revaluation of securities classified as 'available-for-sale' is included in the statement of comprehensive income in the period in which it arise.
- Income on term finance certificates is recognised on an accrual basis.
- Profit on bank balances is recognised on an accrual basis.

	Note	June 30, 2014 ----- (Rupees) -----	June 30, 2013 -----
<b>4. BANK BALANCES</b>			
PLS savings accounts	4.1	<b>46,709</b>	27,647
Current accounts		<b>6,562</b>	6,821
		<b>53,271</b>	<b>34,468</b>

4.1 Profit rates on PLS saving accounts range between 6.5 % to 8.5 % (2013: 6% to 10.5%) per annum.

### 5. INVESTMENTS

#### Financial assets at fair value through profit or loss

- Quoted equity securities - held-for-trading

5.1	<b>1,694,894</b>	1,606,185
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#### Available-for-sale

- Quoted equity securities

5.2	<b>3,295</b>	11,435
	<b>1,698,189</b>	<b>1,617,620</b>



5.1 Quoted Equity Securities - financial assets at 'fair value through profit or loss' - held-for-trading

Name of the Investee company	Number of shares					Balance as at June 30, 2014			Percentage in relation to		
	Opening Balance	Purchases during the year	Bonus / rights issue	Sales during the year	Closing balance	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'-----											
<b>SHARES OF LISTED COMPANIES - fully paid ordinary shares of Rs. 10 each unless stated otherwise</b>											
<b>Oil and Gas</b>											
Attock Refinery Limited *	-	463,200	-	193,700	269,500	65,985	57,212	(8,773)	3.37	3.43	0.32
Mari Petroleum Company Limited	-	113,800	-	113,800	-	-	-	-	-	-	-
National Refinery Limited	51,400	-	-	-	51,400	12,366	11,070	(1,296)	0.65	0.66	0.06
Oil and Gas Development Company Limited	-	99,500	-	99,500	-	-	-	-	-	-	-
Pakistan Oilfields Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Shell Pakistan Limited	-	191,300	-	191,300	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	8,000	-	8,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	236,540	306,000	6,000	428,840	119,700	41,996	46,546	4,550	2.74	2.79	0.04
						<u>120,347</u>	<u>114,828</u>	<u>(5,519)</u>			
<b>Chemicals</b>											
Arif Habib Corporation Limited	210,000	-	-	-	210,000	4,654	5,846	1,192	0.34	0.35	0.05
Archroma Pakistan Limited	165,480	151,500	-	176,400	140,580	42,042	46,259	4,217	2.72	2.78	0.41
Biafo Industries Limited	-	503,000	-	50,000	453,000	45,319	59,343	14,024	3.49	3.56	2.27
Dynea Pakistan Limited (Face value of Rs.5 each)	895,233	-	-	-	895,233	34,735	40,294	5,559	2.37	2.42	4.74
Engro Polymer & Chemicals Limited	182,000	500,000	-	432,000	250,000	3,887	3,383	(504)	0.20	0.20	0.04
Engro Corporation Limited	1,100,500	404,000	-	1,325,500	179,000	35,285	31,953	(3,332)	1.88	1.92	0.03
Engro Fertilizers Limited	-	719,000	-	719,000	-	-	-	-	-	-	-
Fatima Fertilizer Company Limited	-	1,342,500	-	1,342,500	-	-	-	-	-	-	-
Ghani Gases Limited	6,900	-	172	-	7,072	172	175	3	0.01	0.01	0.01
ICI Pakistan Limited	-	21,900	-	-	21,900	8,284	8,548	264	0.50	0.51	0.02
Nimir industrial chemicals limited	-	481,500	-	481,500	-	-	-	-	-	-	-
Sitara Peroxide Limited	-	461,000	-	461,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	1,000,000	15,000	-	1,015,000	-	-	-	-	-	-	-
						<u>174,378</u>	<u>195,801</u>	<u>21,423</u>			
<b>Forestry (Paper And Board)</b>											
Century Paper and Board Mills Limited	885	100,000	15,132	-	116,017	3,973	6,184	2,211	0.36	0.37	0.08
						<u>3,973</u>	<u>6,184</u>	<u>2,211</u>			
<b>Industrial Metals And Mining</b>											
Crescent Steel and Allied Products Limited	1,050,035	-	-	1,050,035	-	-	-	-	-	-	-
International Steels Limited	1,043,965	136,000	-	1,179,965	-	-	-	-	-	-	-
International Industries Limited	449,500	175,000	-	25,000	599,500	28,649	29,639	990	1.75	1.78	0.50
Huffaz Seamless Pipe Industries Limited	428,745	34,000	-	-	462,745	10,184	9,417	(767)	0.55	0.57	0.83
Siddiqsons Tin Plate Limited	-	5,995,000	-	3,990,000	2,005,000	20,050	14,276	(5,774)	0.84	0.86	2.55
						<u>58,883</u>	<u>53,332</u>	<u>(5,551)</u>			

Name of the Investee company	Number of shares					Balance as at June 30, 2014			Percentage in relation to		
	Opening Balance	Purchases during the year	Bonus / rights issue	Sales during the year	Closing balance	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'-----											
<b>Construction And Materials</b>											
Akzo Nobel Pakistan Limited	-	64,500	-	25,000	39,500	3,544	6,674	3,130	0.39	0.40	0.09
Balochistan Glass Limited	-	110,000	-	-	110,000	782	715	(66)	0.04	0.04	0.06
Buxly Paints Limited	-	1,000	-	-	1,000	33	38	5	0.00	0.00	0.07
Dewan Cement Limited	1,245,500	6,024,000	-	260,000	7,009,500	46,716	51,310	4,594	3.02	3.08	1.80
D.G Khan Cement Company Limited	-	939,000	-	939,000	-	-	-	-	-	-	-
Lafarge Pakistan Cement Limited	-	5,082,000	-	2,682,000	2,400,000	29,371	38,352	8,981	2.26	2.30	0.18
Shabbir Tiles & Ceramics Limited (Face value Rs 5 each)	257,793	-	12,889	-	270,682	2,526	2,233	(293)	0.13	0.13	0.18
						<u>82,972</u>	<u>99,322</u>	<u>16,351</u>			
<b>General Industrials</b>											
Cherat Packaging Limited	61,499	-	-	-	61,499	2,368	4,566	2,198	0.27	0.27	0.22
MACPAC Films Limited	213,629	613,000	-	99,500	727,129	15,158	12,304	(2,854)	0.72	0.74	1.87
Merit Packaging Limited	454,195	85,000	1,156,462	800,000	895,657	10,852	16,892	6,040	0.99	1.01	2.22
Siemens Pakistan Engineering Company Limited	-	9,700	-	9,700	-	-	-	-	-	-	-
Thal Limited (Face value Rs 5 each)	522,557	222,100	-	554,957	189,700	31,562	39,342	7,780	2.32	2.36	0.23
						<u>59,940</u>	<u>73,104</u>	<u>13,164</u>			
<b>Electronic and Electric Goods</b>											
Pakistan Cables Limited	-	114,500	-	-	114,500	9,222	11,421	2,199	0.67	0.69	0.40
						<u>9,222</u>	<u>11,421</u>	<u>2,199</u>			
<b>Engineering</b>											
KSB Pumps Company Limited	250,000	-	-	32,000	218,000	18,290	18,258	(32)	1.08	1.10	1.65
						<u>18,290</u>	<u>18,258</u>	<u>(32)</u>			
<b>Industrial Transportation</b>											
Pakistan International Bulk Terminal Limited	65,000	3,369	-	68,369	-	-	-	-	-	-	-
Pakistan National Shipping Corporation	198,808	-	-	-	198,808	9,145	13,976	4,831	0.82	0.84	0.15
						<u>9,145</u>	<u>13,976</u>	<u>4,831</u>			
<b>Technology Hardware and Equipment</b>											
TPL Trakker Limited	8,299,000	1,466,000	-	1,663,000	8,102,000	65,950	67,166	1,216	3.96	4.03	3.73
						<u>65,950</u>	<u>67,166</u>	<u>1,216</u>			
<b>Support Services</b>											
TRG Pakistan Limited	16,411,060	-	-	5,227,000	11,184,060	113,966	156,912	42,946	9.24	9.41	2.90
						<u>113,966</u>	<u>156,912</u>	<u>42,946</u>			
<b>Automobile And Parts</b>											
Atlas Battery Limited	13,664	-	2,732	-	16,396	4,626	7,378	2,752	0.43	0.44	0.09
Atlas Honda Limited	145,151	-	-	-	145,151	26,293	33,372	7,079	1.97	2.00	0.14
Exide Pakistan Limited	39,510	-	3,951	-	43,461	17,772	19,820	2,048	1.17	1.19	0.56
The General Tyre and Rubber Company of Pakistan Limited	152,892	-	-	-	152,892	6,452	12,346	5,894	0.73	0.74	0.26
Honda Atlas Cars (Pakistan) Limited	10,000	-	-	-	10,000	437	931	494	0.05	0.06	0.01
						<u>55,580</u>	<u>73,847</u>	<u>18,267</u>			

Name of the Investee company	Number of shares					Balance as at June 30, 2014			Percentage in relation to		
	Opening Balance	Purchases during the year	Bonus / rights issue	Sales during the year	Closing balance	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'-----											
<b>Beverages</b>											
Murree Brewery Company Limited	183,901	14,600	-	194,701	3,800	2,461	3,571	1,110	0.21	0.21	0.02
						<u>2,461</u>	<u>3,571</u>	<u>1,110</u>			
<b>Food Producers</b>											
Colony Sugar Mills Limited	401,000	-	-	23,000	378,000	2,359	2,873	514	0.17	0.17	0.38
Habib - ADM Limited (Face value of Rs 5 each)	74,889	-	-	-	74,889	1,863	2,599	736	0.15	0.16	0.19
JDW Sugar Mills Limited	11,573	-	-	-	11,573	1,250	2,284	1,034	0.13	0.14	0.02
Noon Pakistan Limited	31,689	501	-	32,190	-	-	-	-	-	-	-
Noon Sugar Mills Limited	1,002,091	213,000	-	-	1,215,091	30,871	29,162	(1,709)	1.72	1.75	7.36
Punjab Oil Mills Limited	99,000	-	-	-	99,000	6,287	10,374	4,087	0.61	0.62	1.84
Quice Food Industries Limited	-	1,087,000	-	796,500	290,500	2,263	2,327	64	0.14	0.14	0.56
Shahtaj Sugar Mills Limited	24,537	-	-	-	24,537	2,012	1,963	(49)	0.12	0.12	0.20
Shakarganj Mills Limited	2,617,002	2,438,500	-	409,000	4,646,502	94,814	78,619	(16,195)	4.63	4.72	6.68
Sanghar Sugar Mills Limited	-	14,890	-	-	14,890	328	381	53	0.02	0.02	0.12
Kohinoor Sugar Mills Limited	209,500	-	-	209,500	-	-	-	-	-	-	-
National Foods Limited	-	9,900	-	9,900	-	-	-	-	-	-	-
Tandlianwala Sugar Mills Limited	5,356	-	-	-	5,356	482	289	(193)	0.02	0.02	-
						<u>142,529</u>	<u>130,871</u>	<u>(11,658)</u>			
<b>Personal Goods (Textile)</b>											
Crescent Cotton Mills Limited	-	400,000	-	400,000	-	-	-	-	-	-	-
Crescent Fibres Limited	42,000	-	-	-	42,000	1,315	1,249	(66)	0.07	0.07	0.34
Dawood Lawrencepur Limited	43,159	19,000	-	-	62,159	4,657	7,273	2,616	0.43	0.44	0.11
Fazal Cloth Mills Limited	10,339	-	2,067	-	12,406	954	1,923	969	0.11	0.12	0.04
Gul Ahmed Textile Mills Limited	628,576	75,000	125,715	829,291	-	-	-	-	-	-	-
Rupali Polyester Limited	12,701	-	-	-	12,701	296	214	(82)	0.01	0.01	0.04
Din Textile Mills Limited	545,209	-	54,520	545,000	54,729	3,035	6,536	3,501	0.38	0.39	0.24
Ellicot Spinning Mills Limited	875,554	-	-	40,000	835,554	54,219	61,789	7,570	3.64	3.71	7.63
Fazal Textile Mills Limited	600	22,200	-	-	22,800	9,299	18,240	8,941	1.07	1.09	0.37
Ishaq Textile Mills Limited	6,500	-	-	-	6,500	106	144	38	0.01	0.01	0.07
Island Textile Mills Limited	38,300	3,250	-	3,700	37,850	23,440	32,551	9,111	1.92	1.95	7.57
Masood Textile Mills Limited	469,170	-	-	469,170	-	-	-	-	-	-	-
Prosperity Weaving Mills Limited	84,591	-	-	-	84,591	2,659	3,468	809	0.20	0.21	0.46
Saif Textile Mills Limited	181,500	-	-	-	181,500	4,427	4,646	219	0.27	0.28	0.69
Sapphire Fibres Limited	47	-	-	-	47	8	14	6	0.00	0.00	-
Service Industries Limited	61,188	-	-	7,900	53,288	13,908	26,378	12,470	1.55	1.58	0.44
ZIL Limited	118,135	-	15,020	18,000	115,155	10,587	11,976	1,389	0.71	0.72	1.88
						<u>128,910</u>	<u>176,401</u>	<u>47,491</u>			
<b>Fixed Line Telecommunication</b>											
PAK Datacom Limited	654,031	-	-	-	654,031	48,078	50,033	1,955	2.95	3.00	6.67
Pakistan Telecommunication Company Limited	657,500	350,000	-	1,007,500	-	-	-	-	-	-	-
Telecard Limited	1,442,000	826,500	-	-	2,268,500	11,765	9,346	(2,419)	0.55	0.56	0.76
Wateen Telecom Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-
WorldCall Telecom Limited	2,000,000	752,000	-	-	2,752,000	7,880	5,752	(2,128)	0.34	0.35	0.32
						<u>67,723</u>	<u>65,131</u>	<u>(2,592)</u>			

Name of the Investee company	Number of shares					Balance as at June 30, 2014			Percentage in relation to		
	Opening Balance	Purchases during the year	Bonus / rights issue	Sales during the year	Closing balance	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'-----											
<b>Electricity</b>											
K- Electric Limited	-	17,500,000	-	17,500,000	-	-	-	-	-	-	-
Kohinoor Energy Limited	1,462,750	-	-	1,462,750	-	-	-	-	-	-	-
Sitara Energy Limited	263,151	-	-	-	263,151	8,342	8,881	539	0.52	0.53	1.38
						<u>8,342</u>	<u>8,881</u>	<u>539</u>			
<b>Media</b>											
Hum Network Limited	-	211,000	-	-	211,000	18,928	22,420	3,492	1.32	1.35	0.16
						<u>18,928</u>	<u>22,420</u>	<u>3,492</u>			
<b>Multiutilities (Gas And Water)</b>											
Sui Northern Gas Pipelines Limited	143,550	1,688,000	-	824,500	1,007,050	21,912	22,810	898	1.34	1.37	0.16
Sui Southern Gas Company limited	4,362,240	4,634,760	-	6,101,500	2,895,500	78,436	106,149	27,713	6.25	6.37	0.33
						<u>100,348</u>	<u>128,959</u>	<u>28,611</u>			
<b>Commercial Banks</b>											
Askari Bank Limited	219,221	250,000	120,571	-	589,792	7,666	11,212	3,546	0.66	0.67	0.05
Summit Bank Limited	7,762,159	3,866,500	-	-	11,628,659	32,783	38,956	6,173	2.29	2.34	1.08
Bank AL Habib Limited	200,000	500,000	28,600	414,000	314,600	8,759	14,151	5,392	0.83	0.85	0.03
Bank Alfalah Limited	1,086,500	2,000,000	-	2,545,000	541,500	11,052	14,891	3,839	0.88	0.89	0.04
BankIslami Pakistan Limited	850,000	2,126,000	-	2,469,500	506,500	5,264	4,994	(270)	0.29	0.30	0.10
Habib Bank Limited	283,490	175,010	34,790	110,600	382,690	49,042	74,161	25,119	4.37	4.45	0.03
Habib Metropolitan Bank Limited	513,382	-	-	-	513,382	8,912	16,526	7,614	0.97	0.99	0.05
NIB Bank Limited	4,372,955	-	-	-	4,372,955	10,145	9,752	(393)	0.57	0.59	0.04
						<u>133,623</u>	<u>184,643</u>	<u>51,020</u>			
<b>Non Life Insurance</b>											
Adamjee Insurance Company Limited	-	200,000	-	-	200,000	10,100	9,154	(946)	0.54	0.55	0.06
Askari General Insurance Company Limited	526,000	-	-	-	526,000	9,994	9,205	(789)	0.54	0.55	1.35
Century Insurance Company Limited	451,312	-	-	-	451,312	6,359	7,406	1,047	0.44	0.44	0.99
Habib Insurance Company Limited (Face value of Rs 5 each)	249,000	-	62,250	-	311,250	3,175	4,809	1,634	0.28	0.29	0.25
IGI Insurance Limited	-	292,900	26,460	319,360	-	-	-	-	-	-	-
Premier Insurance Limited	3,210,889	17,500	-	3,228,389	-	-	-	-	-	-	-
TPL Direct Insurance Company Limited	239,500	778,500	-	-	1,018,000	10,032	13,030	2,998	0.77	0.78	2.21
						<u>39,660</u>	<u>43,604</u>	<u>3,944</u>			
<b>Financial Services</b>											
First Capital Securities Corporation Limited	317,605	-	-	-	317,605	1,267	784	(483)	0.05	0.05	0.10
						<u>1,267</u>	<u>784</u>	<u>(483)</u>			
<b>Health Care Equipment and Services</b>											
Shifa International Hospitals Limited	355,500	115,000	-	201,500	269,000	14,854	38,892	24,038	2.29	2.33	0.53
						<u>14,854</u>	<u>38,892</u>	<u>24,038</u>			

Name of the Investee company	Number of shares-----					Balance as at June 30, 2014			Percentage in relation to		
	Opening Balance	Purchases during the year	Bonus / rights issue	Sales during the year	Closing balance	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'-----											
<b>Pharma and Bio Tech</b>											
GlaxoSmithKline Pakistan Limited	-	196,000	-	196,000	-	-	-	-	-	-	-
The Searle Company Limited.	-	50,000	-	50,000	-	-	-	-	-	-	-
Wyeth Pakistan Limited	23,329	1,500	-	24,829	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>			
<b>Travel and Leisure</b>											
Pakistan Services Limited	-	13,400	-	-	13,400	3,698	6,584	2,886	0.39	0.40	0.04
						<u>3,698</u>	<u>6,584</u>	<u>2,886</u>			
<b>Impaired Equity Securities</b>											
<b>Financial Services</b>											
Security Leasing Corporation Limited (9.1% Preference Shares)	1,489	-	-	-	1,489	2	2	-	0.00	0.00	0.01
						<u>2</u>	<u>2</u>	<u>-</u>			
<b>Total listed equity securities as at June 30, 2014</b>						<b><u>1,434,991</u></b>	<b><u>1,694,894</u></b>	<b><u>259,904</u></b>			
<b>Total listed equity securities as at June 30, 2013</b>						<b><u>1,137,314</u></b>	<b><u>1,606,185</u></b>	<b><u>468,871</u></b>			
* This includes 180,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.											

## 5.2 Quoted equity securities - 'available-for-sale'

Name of the investee company	Note	Number of shares				Balance as at June 30, 2014			Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation investee paid-up capital	
		Opening balance	Purchases during the year	Bonus / rights issue	Sales during the year	Closing balance	Carrying Cost	Market value				Appreciation / (diminution)
----- (Rupees in '000) -----												
<b>Financial services</b>												
Security Leasing Corporation Limited (9.1% Preference shares)	5.2.1	1,000,000	-	-	-	1,000,000	10,166	-	-	0.00	0.00	0.00
Less: Impairment							(6,871)					
							3,295	3,295	-			
<b>General industrials</b>												
Siemens Engineering (Pakistan) Limited	12,500	-	-	-	12,500	-	-	-	-	-	-	-
<b>Total listed equity securities as at June 30, 2014</b>							<b>3,295</b>	<b>3,295</b>	<b>-</b>			
<b>Total listed equity securities as at June 30, 2013</b>							<b>12,634</b>	<b>11,435</b>	<b>(1,199)</b>			

**5.2.1** 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. Negotiations are currently underway with the investee company to recover the outstanding amount of preference shares.

**2014**                      **2013**  
**Note**    ----- (Rupees in '000) -----

## 5.3 Unrealised diminution in fair value of investments classified as 'available-for-sale' - net

Market value of investments	5.2	<b>3,295</b>	11,435
Less: Cost of investments		<b>(3,295)</b>	(10,614)
		-	821
Less: Net unrealised appreciation in fair value of investments at the beginning of year		-	(2,020)
		-	(1,199)
<b>6. DIVIDEND AND PROFIT RECEIVABLE</b>			
Dividend receivable		<b>1,808</b>	1,053
Profit receivable on bank balances		<b>359</b>	109
		<b>2,167</b>	1,162
<b>7. SECURITY DEPOSIT</b>			
National Clearing Company of Pakistan Limited		<b>2,750</b>	2,750
<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration payable	8.1	<b>2,760</b>	2,722
Sales tax on management fees	14	<b>512</b>	477
Others		<b>600</b>	1,600
		<b>3,872</b>	4,799

- 8.1 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 daily net assets of the Company and thereafter of an amount equal to two percent of such assets of the Company. In the current year, the Management Company has charged remuneration at the rate of two percent of the average daily net assets of the Company.

		2014	2013
	Note	----- (Rupees in '000) -----	
<b>9. ACCRUED AND OTHER LIABILITIES</b>			
Annual fee payable to SECP	9.1	1,664	1,251
Brokerage payable		306	314
Custodian fee / charges		85	88
Auditors' remuneration		188	169
Unclaimed amount due to shareholders on reduction of share capital		45	45
Withholding tax payable		-	7
Accrued expenses		692	290
Provision for indirect taxes and duties	15	5,865	260
Others		120	19
		<b>8,965</b>	<b>2,443</b>

- 9.1 This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Company is required to pay SECP an amount equal to 0.095% (2013: 0.095%) of the average daily net assets.

## 10. SHARE CAPITAL

### Issued, subscribed and paid-up capital

2014	2013	Fully paid Ordinary shares of Rs.5 each	2014	2013
----- Number of shares -----			----- (Rupees in '000) -----	
<b>110,591,593</b>	110,591,593	Issued for cash	<b>552,958</b>	552,958
<b>41,506,751</b>	41,506,751	Issued as bonus shares	<b>207,534</b>	207,534
<b>152,098,344</b>	152,098,344		<b>760,492</b>	760,492

- 10.1 AKD Investment Management Limited and AKD Securities Limited held 34,915,395 (June 30, 2013: 34,915,395) and 2,889 (June 30, 2013: 2,776) shares respectively of the Company as at June 30, 2014. Other related parties as disclosed in note 21 held 11,623,719 shares (June 30, 2013: 9,373,832 shares) as at June 30, 2014.

- 10.2 Pattern of shareholding of the Company as at June 30, 2014 is as follows:

Category	Share holding		
	Share holders	Number of Shares	Percentage
Individuals	5,299	89,165,729	58.62
Associated companies and directors	11	46,496,919	30.57
Joint stock companies	49	12,671,204	8.33
Insurance companies	2	67,141	0.04
Banks and DFIs	5	76,804	0.05
NBFCs	5	84,684	0.06
Public limited companies	3	373,610	0.25
Others	7	3,162,253	2.08
Total	<b>5,381</b>	<b>152,098,344</b>	<b>100</b>

10.3 Pattern of shareholding of the Company as at June 30, 2013 was as follows:

Category	Share holding		
	Share holders	Number of shares	Percentage
Individuals	4,644	82,761,353	54.41
Associated companies and directors	11	44,292,003	29.12
Joint stock companies	55	19,033,110	12.51
Insurance companies	2	67,141	0.04
Banks and DFIs	7	2,904,967	1.91
NBFCs	6	85,039	0.06
Public limited companies	2	245,648	0.16
Others	4	2,709,083	1.79
<b>Total</b>	<b>4,731</b>	<b>152,098,344</b>	<b>100</b>

	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
<b>11. NET ASSETS VALUE PER SHARE</b>		
Total net assets	<b>1,666,697</b>	1,602,002
Total shares in issue	<b>152,098,344</b>	152,098,344
Net assets value per share - Rupees	<b>10.96</b>	10.53

**12. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2014.

	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
<b>13. GAIN ON SALE OF INVESTMENTS - NET</b>		
Quoted equity securities classified as - 'financial assets at fair value through profit or loss' - net	<b>470,326</b>	320,084
Quoted equity securities classified as - 'available-for-sale'	<b>7,384</b>	-
	<b>477,710</b>	320,084

**14. SALES TAX ON MANAGEMENT FEE**

Sindh sales tax at the rate of 16% on gross value of management fee including FED is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

**15. PROVISION FOR INDIRECT TAXES AND DUTIES**

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Company, as a matter of abundant caution, has made full provision in respect of FED effective June 13, 2013.





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.

	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
<b>19. EARNINGS PER SHARE</b>		
Net income after taxation	<u>734,748</u>	<u>802,871</u>
	----- Number of shares -----	
Weighted average number of Ordinary shares	<u>152,098,344</u>	<u>152,098,344</u>
	----- (Rupees) -----	
Earnings per share	<u>4.83</u>	<u>5.28</u>
<b>19.1</b> There were no convertible dilutive potential ordinary shares in issue as at June 30, 2014 and 2013.		
	----- (Rupees in '000) -----	
<b>20. CASH AND CASH EQUIVALENTS</b>		
Bank balances	<u>53,271</u>	<u>34,468</u>

**21. 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, AKD Securities Limited, other collective schemes managed by the Management Company, directors, officers and other connected persons of the Management Company, and directors of the Company 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:

## 21.1 Transactions during the year

	2014 ----- (Rupees in '000) -----	2013
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration to Management Company	35,031	26,342
Cash dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 24% i.e. Rs.1.20 per share)	38,407	33,018
Interim dividend paid @ 44% i.e. Rs.2.20 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	76,814	34,915
Interim dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: Nil)	38,407	-
<b>Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund</b>		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 24% i.e. Rs.1.20 per share)	2,302	2,511
Interim dividend paid @ 44% i.e. Rs.2.20 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	4,604	2,093
Interim dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	2,302	-
<b>AKD Securities Limited - Group Company</b>		
Brokerage	456	404
Cash dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 24% i.e. Rs.1.20 per share)	3	14,763
Interim dividend paid @ 44% i.e. Rs.2.20 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	6	3
Interim dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	3	-
<b>AKD Investment Management Limited - Staff Provident Fund</b>		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 24% i.e. Rs.1.20 per share)	661	721
Interim dividend paid @ 44% i.e. Rs.2.20 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	1,322	601
Interim dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	661	-
<b>Oil &amp; Gas Investment Limited - Group Company</b>		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 24% i.e. Rs.1.20 per share)	2,420	2,640
Interim dividend paid @ 44% i.e. Rs.2.20 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	4,840	2,200
Interim dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	2,420	-
<b>Directors of the Company</b>		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 24% i.e. Rs.1.20 per share)	7,348	72
Interim dividend paid @ 44% i.e. Rs.2.20 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	14,806	67
Interim dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	7,403	-
Purchase of shares of Company	250	1,650

	2014	2013
	----- (Rupees in '000) -----	
<b>Key Management Personnel</b>		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 24% i.e. Rs.1.20 per share)	61	67
Interim dividend paid @ 44% i.e. Rs.2.20 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	122	56
Interim dividend paid @ 22% i.e. Rs.1.10 per share (June 30, 2013: 20% i.e. Re.1.00 per share)	61	-
Purchase of shares of Company	-	50
<b>Central Depository Company of Pakistan Limited (Custodian)</b>		
Fee charged during the year (including transaction charges)	1,371	1,090
<b>AKD Index Tracker Fund - Common Management Company</b>		
Purchase of shares	63	-
<b>AKD Opportunity Fund - Common Management Company</b>		
Purchase of shares	51,761	13,486
Sale of shares	14,400	-
<b>AKD Securities Limited - Group Company</b>		
Sale of shares	-	16,650
<b>Ms. Ayesha Aqeel</b>		
Purchase of shares	17,841	-
<b>Ms. Yasmeen Dhedhi</b>		
Purchase of shares	17,500	-
Sale of shares	5,000	-
<b>Ms. Hina Aqeel</b>		
Purchase of shares	19,342	-
<b>PAK Datacom Limited - Common Directorship</b>		
Dividend received during the period	32,702	3,870
<b>BIAFO Industries Limited - Common Directorship</b>		
Purchase of shares	59,343	-
Sale of shares	5,000	-
Dividend received during the period	4,587	-
<b>21.2 Balances outstanding at year end</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration payable	2,760	2,722
Sales Tax Provincial on Management Remuneration	512	477
Federal Excise Duty on Management Remuneration	5,865	260
Others	600	1,600
Shares in issue (No. of shares: June 30, 2014: 34,915,395; June 30, 2013: 34,915,395)	174,577	174,577

	2014	2013
	----- (Rupees in '000) -----	
<b>Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund</b> Shares in issue (No. of shares: June 30, 2014: 2,092,812; June 30, 2013: 2,092,812)	<b>10,464</b>	10,464
<b>AKD Securities Limited</b> Shares in issue (No. of shares: June 30, 2014: 2,889; June 30, 2013: 2,889)	<b>14</b>	14
Brokerage payable	<b>9</b>	111
<b>AKD Investment Management Limited - Staff Provident Fund</b> Shares in issue (No. of shares: June 30, 2014: 601,046; June 30, 2013: 601,046)	<b>3,005</b>	3,005
<b>Oil &amp; Gas Investment Limited - Group Company</b> Shares in issue (No. of shares: June 30, 2014: 2,200,000; June 30, 2013: 2,200,000)	<b>11,000</b>	11,000
<b>Directors of the Company</b> Shares of the Company held (No. of shares: June 30, 2014: 6,649,861; June 30, 2013: 6,679,861)	<b>33,249</b>	33,399
<b>Key Management Personnel of the Company</b> Shares of the Company held (No. of shares: June 30, 2014: 135,622; June 30, 2013: 55,622)	<b>678</b>	278
<b>Central Depository Company of Pakistan Limited - Custodian</b> Fee payable (including transaction charges)	<b>85</b>	88
<b>BIAFO Industries Limited - Common Directorship</b> Shares held by the Company (No. of shares: June 30, 2014: 453,000; June 30, 2013: Nil)	<b>59,343</b>	-
<b>PAK Datacom Limited - Common Directorship</b> Shares held by the Company (No. of shares: June 30, 2014: 654,031; June 30, 2013: 654,031)	<b>50,033</b>	48,078

**22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company holds following financial instruments at the year end.

**22.1 Financial instruments by category**

----- As at June 30, 2014 -----					
	Assets at fair value through profit or loss			Held to maturity	Total
	Loans and receivables	profit or loss	Available-for-sale		
----- (Rupees in '000) -----					
<b>Assets</b>					
Bank balances	53,271	-	-	-	53,271
Receivable against sale of investments	-	-	-	-	-
Investments	-	1,694,894	3,295	-	1,698,189
Dividend and profit receivable	2,167	-	-	-	2,167
Security deposit	2,750	-	-	-	2,750
	<u>58,188</u>	<u>1,694,894</u>	<u>3,295</u>	<u>-</u>	<u>1,756,377</u>
----- As at June 30, 2014 -----					
	Liabilities at fair value through profit or loss		At Amortised cost	Total	
----- (Rupees in '000) -----					
<b>Liabilities</b>					
Payable against purchase of investments			-	-	-
Payable to the Management Company			-	3,872	3,872
Accrued and other liabilities			-	8,965	8,965
Unclaimed dividend			-	34,278	34,278
			<u>-</u>	<u>47,115</u>	<u>47,115</u>
----- As at June 30, 2013 -----					
	Assets at fair value through profit or loss			Held to maturity	Total
	Loans and receivables	profit or loss	Available-for-sale		
----- (Rupees in '000) -----					
<b>Assets</b>					
Bank balances	34,468	-	-	-	34,468
Receivable against sale of investments	927	-	-	-	927
Investments	-	1,606,185	11,435	-	1,617,620
Dividend and profit receivable	1,162	-	-	-	1,162
Security deposit	2,750	-	-	-	2,750
	<u>39,307</u>	<u>1,606,185</u>	<u>11,435</u>	<u>-</u>	<u>1,656,927</u>
----- As at June 30, 2013 -----					
	Liabilities at fair value through profit or loss		At Amortised cost	Total	
----- (Rupees in '000) -----					
<b>Liabilities</b>					
Payable against purchase of investments			-	6,208	6,208
Payable to the Management Company			-	4,799	4,799
Accrued and other liabilities			-	2,443	2,443
Unclaimed dividend			-	13,906	13,906
			<u>-</u>	<u>27,356</u>	<u>27,356</u>

**22.2 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.

**22.3 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: foreign currency risk, interest rate risk and equity price risk.

**22.3.1 Foreign 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.

**22.3.2 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, 2014, the balances that may be exposed to interest rate risk are as follows:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
	----- (Rupees in '000) -----	
<b>Variable rate instruments</b>		
Bank balance	<b>46,709</b>	27,647
<b>Fixed rate instruments</b>		
Preference shares	<b>3,295</b>	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 ----- (Rupees in '000) -----	Effect on income before tax
<b>2014</b>	<b>100</b> <b>(100)</b>	<b>467</b> <b>(467)</b>
<b>2013</b>	100 (100)	276 (276)

### 22.3.3 Equity price risk

Equity price risk is the risk of unfavourable changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of the NBFC Regulations.

The Company manages the risk by limiting exposure to any single investee company to the extent of 15% of issued capital of that investee company and the net assets of the Company with overall limit of 35% to a single industry sector of the net assets of the Company (the limit set by the NBFC Regulations). The Company also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation.

Details of the Fund's investment in industrial / economic sector are given in note 5.1.

The following table illustrates the sensitivity of the income for the year and the equity to an increase or decrease of 5% in the fair values of the Company's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equity securities at each Statement of Assets and Liabilities date, with all other variables held constant.

	June 30, 2014	June 30, 2013
	----- (Rupees in '000) -----	
Income statement	<b>84,745</b>	80,309
Equity	<b>84,909</b>	80,881

### 22.4 Credit risk

Credit risk arises from the inability of the counterparties 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, 2014	June 30, 2013
	----- (Rupees in '000) -----	
Bank balances	53,271	34,468
Receivable against sale of investment	-	927
Investments	3,295	3,295
Dividend and profit receivable	2,167	1,162
Security deposits	2,750	2,750
<b>Total</b>	<b>61,483</b>	<b>42,602</b>

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect group of counterparties 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.

	2014	2013
	----- (Rupees in '000) -----	
<b>Rating category</b>		
A1+	52,345	33,536
A3	-	907
A-3	926	25
Unrated	8,212	8,134
	<b>61,483</b>	<b>42,602</b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2014 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 SECP are as under:

	As at June 30, 2014			As at June 30, 2013		
	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	10,166	-	10,166	10,166	-	10,166

**22.5 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, 2014 -----				
Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- (Rupees in '000) -----				
<b>Liabilities</b>				
Payable against purchase of investments	-	-	-	-
Payable to Management Company	3,872	-	-	3,872
Accrued and other liabilities	8,777	188	-	8,965
Unclaimed dividend	34,278	-	-	34,278
	<u>46,927</u>	<u>188</u>	<u>-</u>	<u>47,115</u>

----- As at June 30, 2013 -----				
Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- (Rupees in '000) -----				
<b>Liabilities</b>				
Payable against purchase of investments	6,208	-	-	6,208
Payable to Management Company	4,799	-	-	4,799
Accrued and other liabilities	2,274	169	-	2,443
Unclaimed dividend	13,906	-	-	13,906
	<u>27,187</u>	<u>169</u>	<u>-</u>	<u>27,356</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, 2014 is not necessarily indicative of the impact on the Company's net assets of future movements in interest rates.

**23. 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.

## 24. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1:** Quoted prices in active markets for identical assets or liabilities.
- Level 2:** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	----- As at June 30, 2014 -----			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	----- (Rupees in '000) -----			
Investment in securities - at fair value through profit or loss	<b>1,694,892</b>	-	<b>2</b>	<b>1,694,894</b>
Investment in securities - available-for-sale	-	-	<b>3,295</b>	<b>3,295</b>
	<b><u>1,694,892</u></b>	<b><u>-</u></b>	<b><u>3,297</u></b>	<b><u>1,698,189</u></b>

	----- As at June 30, 2013 -----			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	----- (Rupees in '000) -----			
Investment in securities - at fair value through profit or loss	1,606,183	-	2	1,606,185
Investment in securities - available-for-sale	8,140	-	3,295	11,435
	<b><u>1,614,323</u></b>	<b><u>-</u></b>	<b><u>3,297</u></b>	<b><u>1,617,620</u></b>

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

## 25. CORRESPONDING FIGURES

Prior year's figures have been rearranged / reclassified wherever necessary for better presentation and comparison. However, there were no material reclassifications to report.

**26. NON-ADJUSTING EVENT AFTER REPORTING PERIOD**

The Board of Directors of the Company in their meeting held on September 19, 2014 have proposed a final cash dividend at Re. 1.00 per share for the year ended June 30, 2013 (June 30, 2013: cash dividend @ Rs.1.10).

**27. 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:

	<b>Designation</b>	<b>Qualification</b>	<b>Experience in years</b>
Mr. Imran Motiwala	Chief Executive Officer - (GASSFL & AKDIML)	BBA	20
Ms. Anum Dhedhi	Chief Investment Officer	BSc	3
Mr. Muhammad Yaqoob	Chief Operating Officer, Company Secretary and Fund Manager - AKDAIF, AKDOF & GASSFL	MBA	10
Mr. Nadeem Saulat Siddiqui	Head of Public Relations Director - AKDIML	MBA	21
Mr. Carrow Michael	Head of Risk Management	MBA	8
Ms. Saba Mahmood	Fund Manager	MBA	1

**27.1** Mr. Muhammad Yaqoob is the Manager of the Fund. AKD Opportunity Fund and AKD Aggressive Income Fund are also being managed by the Fund Manager.

**28. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS**

The Board meetings were held on August 20, 2013, October 28, 2013, January 31, 2014 and April 17, 2014. Information in respect of attendance by the Directors in the meetings is given below:

	<b>Name of Director</b>	<b>Number of meetings</b>		
		<b>Held</b>	<b>Attended</b>	<b>Leave</b>
1	Mr. Ahmed Abdul Sattaar *	4	4	0
2	Mr. Imran Motiwala *	4	4	0
3	Mr. Aurangzeb Ali Naqvi *	4	4	0
4	Mr. Muhammad Siddiq Khokhar *	4	4	0
5	Mr. Abdul Karim Memon *	4	4	0
6	Mr. Muhammad Yaqoob *	4	4	0
7	Mr. Abdul Qadir **	2	2	0

\* The election of directors took place on May 09, 2013 and their approval is pending from SECP.

\*\* Abdul Qadir appointed on September 25, 2013 tender his resignation on March 14, 2014.

**29. LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**
**For the year ended June 30, 2014**
**Name of Broker**

A.I. Securities (Pvt.) Limited	13.81%
Fortune Securities Limited	11.07%
Pearl Securities Limited	10.89%
Creative Capital Securities (Pvt.) Limited	9.94%
Habib Metropolitan Financial Services Limited	8.71%
AKD Securities Limited	8.64%
Investment Managers Securities (Pvt.) Limited	8.45%
Taurus Securities Limited	7.24%
Trade In Securities (Pvt) Limited	4.32%
First Capital Equities Limited	3.44%

**For the year ended June 30, 2013**
**Name of Broker**

A.I. Securities (Pvt.) Limited	14.45%
Creative Capital Securities (Pvt.) Limited	12.66%
AKD Securities Limited	11.16%
Trade In Securities (Pvt) Limited	10.32%
Fortune Securities Limited	10.18%
Investment Managers Securities (Pvt.) Limited	10.05%
Habib Metropolitan Financial Services Limited	6.69%
Pearl Securities Limited	5.55%
J.S. Global Capital Limited	2.86%
MMSManiar Financials (Pvt.) Limited	2.76%

**30. 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 the Company does not hold any significant investment in any one investee company.

**31. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Company on September 19, 2014.

**32. GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

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**Imran Motiwala**  
Chief Executive Officer

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**Aurangzeb Ali Naqvi**  
Director

**PATTERN OF SHAREHOLDING**

AS AT JUNE 30, 2014

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
642	1	100	21,418	0.01
1,245	101	500	330,155	0.22
560	501	1000	448,194	0.29
1,464	1001	5000	3,881,065	2.55
491	5001	10000	3,870,688	2.54
221	10001	15000	2,719,508	1.79
139	15001	20000	2,501,931	1.64
120	20001	25000	2,781,920	1.83
60	25001	30000	1,691,952	1.11
59	30001	35000	1,949,213	1.28
46	35001	40000	1,739,815	1.14
19	40001	45000	809,783	0.53
49	45001	50000	2,396,614	1.58
20	50001	55000	1,050,568	0.69
26	55001	60000	1,508,509	0.99
13	60001	65000	817,713	0.54
13	65001	70000	892,741	0.59
10	70001	75000	735,066	0.48
15	75001	80000	1,177,478	0.77
5	80001	85000	410,093	0.27
11	85001	90000	968,461	0.64
5	90001	95000	465,650	0.31
25	95001	100000	2,490,802	1.64
10	100001	105000	1,018,562	0.67
4	105001	110000	436,871	0.29
3	110001	115000	337,724	0.22
4	115001	120000	465,354	0.31
8	120001	125000	993,864	0.65
3	125001	130000	380,045	0.25
2	130001	135000	269,926	0.18
2	135001	140000	275,330	0.18
2	140001	145000	285,434	0.19
3	145001	150000	450,000	0.30
3	150001	155000	454,030	0.30
1	155001	160000	160,000	0.11
2	160001	165000	324,375	0.21
2	165001	170000	338,224	0.22
1	170001	175000	172,500	0.11
2	175001	180000	360,000	0.24
1	185001	190000	185,058	0.12
4	195001	200000	796,055	0.52
4	200001	205000	810,470	0.53
1	210001	215000	214,000	0.14
1	220001	225000	222,690	0.15
1	225001	230000	227,390	0.15
3	245001	250000	746,772	0.49
2	255001	260000	515,789	0.34
1	265001	270000	267,500	0.18
1	290001	295000	290,986	0.19
3	295001	300000	900,000	0.59
1	300001	305000	305,000	0.20
3	305001	310000	922,085	0.61
1	335001	340000	336,000	0.22
1	370001	375000	372,000	0.24
2	395001	400000	800,000	0.53
1	400001	405000	404,483	0.27
1	405001	410000	409,500	0.27
1	425001	430000	426,000	0.28
1	445001	450000	446,062	0.29
1	480001	485000	483,000	0.32
2	490001	495000	989,844	0.65
2	495001	500000	1,000,000	0.66
1	570001	575000	575,000	0.38
1	575001	580000	578,500	0.38
1	595001	600000	600,000	0.39
1	600001	605000	601,046	0.40
1	660001	665000	663,750	0.44
2	675001	680000	1,356,084	0.89
1	680001	685000	682,000	0.45
1	705001	710000	706,403	0.46
1	715001	720000	716,875	0.47
1	755001	760000	757,500	0.50
1	795001	800000	796,000	0.52
1	875001	880000	876,883	0.58
1	975001	980000	980,000	0.64
1	1080001	1085000	1,082,812	0.71
1	1095001	1100000	1,100,000	0.72
1	1120001	1125000	1,125,000	0.74
1	1145001	1150000	1,147,905	0.75
1	1255001	1260000	1,260,000	0.83
1	1580001	1585000	1,581,187	1.04
1	2090001	2095000	2,092,812	1.38
1	2110001	2115000	2,111,288	1.39
1	2195001	2200000	2,200,000	1.45
1	2230001	2235000	2,230,001	1.47
1	2360001	2365000	2,360,891	1.55
1	2405001	2410000	2,405,532	1.58
1	4320001	4325000	4,325,000	2.84
1	4495001	4500000	4,495,163	2.96
1	4750001	4755000	4,753,561	3.13
1	6595001	6600000	6,600,000	4.34
1	11965001	11970000	11,969,496	7.87
1	34915001	34920000	34,915,395	22.96
<b>5,381</b>			<b>152,098,344</b>	<b>100.00</b>

**CATEGORIES OF SHARE HOLDERS**

AS AT JUNE 30, 2014

<b>PARTICULARS</b>	<b>SHARES HOLDERS</b>	<b>SHARES HOLDING</b>	<b>PERCENTAGE</b>
INDIVIDUALS	5,299	89,120,645	58.59
ASSOCIATE & DIRECTORS	11	46,542,003	30.60
JOINT STOCK COMPANIES	49	12,671,204	8.33
OTHERS	7	3,162,253	2.08
PUBLIC LTD COMPANIES	3	373,610	0.25
NBFC	5	84,684	0.06
FINANCIAL INSTITUTIONS	5	76,804	0.05
INSURANCE COMPANIES	2	67,141	0.04
<b>TOTAL</b>	<b>5,381</b>	<b>152,098,344</b>	<b>100.00</b>



## DETAILS OF PATTERN OF SHAREHOLDING

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE  
AS AT JUNE 30, 2014

Particulars	Shares Held	Percentage
<b>Associated Companies, Undertaking and Related Parties</b>		
AKD Investment Management Limited	34,915,395	22.96
Aqeel Karim Dhedhi Securities (Pvt.) Limited Staff Provident Fund	2,092,812	1.38
AKD Securities Limited	2,889	0.00
Oil & Gas Investment Limited	2,200,000	1.45
AKD Investment Management Limited Staff Provident Fund	601,046	0.40
NIT	10,000	0.01
ICP	11,760	0.01
<b>Directors, Chief Executive &amp; their spouse and minor children</b>	<b>6,649,861</b>	<b>4.39</b>
Mr. Ahmed Abdul Sattar	46,084	0.03
Mr. Imran Motiwala	1,000	0.00
Mr. Abdul Karim Memon	6,600,000	4.34
Mr. Muhammad Siddiq Khokhar	2,777	0.00
Mr. Aurangzeb Ali Naqvi (Nominee Director of Aqeel Karim Dhedhi Securites (pvt.) Ltd.)		
Executives	135,622	0.09
Public Sector Companies and Corporations	373,610	0.24
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	206,869	0.14
Individuals	89,065,023	58.55
Others	15,833,457	10.40
<b>TOTAL</b>	<b>152,098,344</b>	<b>100.00</b>

**SIX YEARS KEY FINANCIAL DATA AT A GLANCE**

	2009	2010	2011	2012	2013	2014
	----- ( Rupees '000)' -----					
<b>Total Income / (Loss)</b>	(374,128)	179,751	150,680	323,130	860,947	809,134
<b>Operating Profit/ Net Income / (Loss)</b>	(394,759)	140,605	123,331	290,165	802,871	734,748
<b>Cash Dividend (Rupees)</b>	-	0.85	0.75	1.20	2.10	4.30
<b>Cash Dividend %</b>	-	17.00	15.00	24.00	42.00	88.00
<b>Stock Dividend (Rupees)</b>	-	-	-	-	-	-
<b>Stock Dividend %</b>	-	-	-	-	-	-
<b>Paid up Share Capital</b>	760,492	760,492	760,492	760,492	760,492	760,492
<b>Reserves and Unappropriated Profit</b>	61,191	201,796	195,843	371,934	840,189	905,705
<b>Net Assets</b>	831,434	968,463	963,068	1,134,946	1,602,002	1,666,697
<b>Earnings per Share (Rupees)</b>	(2.60)	0.92	0.81	1.91	5.28	4.83
<b>Break up Value per share(Rupees)</b>	5.47	6.37	6.33	7.46	10.53	10.96
<b>Ratio of:</b>						
<b>Operating profit / ( loss) to Income / (loss)</b>	(1.06)	0.78	0.82	0.90	0.93	0.91
<b>Return / (Loss) on Net assets Employed</b>	(0.47)	0.15	0.13	0.26	0.50	0.44

**PERFORMANCE TABLE**

	2014	2013	2012
	----- Rupees in '000'-----		
<b>PERFORMANCE TABLE</b>			
Total net assets value	1,666,697	1,602,002	1,134,946
Net assets value per share - Rupees	10.96	10.53	7.46
Net Income for the year carried	734,748	802,871	290,165
<b>Return of fund</b>			
Income distribution	319,406	319,406	182,518
Accumulated capital growth	2,023,627	1,288,879	486,008
<b>Distribution per share</b>			
Annual - Rupees	1.00	1.20	0.75
Interim - Rupees	2.20	1.00	-
Interim - Rupees	1.10	-	-
	----- Percentage-----		
<b>Average annual return</b>			
One Year	52%	84%	34%
Two Year	68%	59%	24%
Three Year	57%	44%	22%

- 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, 2014**

	2014	2013
	Rupees in '000'	
<b>INCOME</b>		
Remuneration from Golden Arrow Selected Stocks Fund Limited	35,031	26,341
Dividend income	153,628	67,934
	<b>188,659</b>	94,275
<b>OPERATING EXPENSES</b>		
Salaries, allowances and other benefits	18,787	16,226
Office rent	2,041	2,259
MUFAP subscription	273	188
Fees and subscription	388	574
Printing and stationery	151	114
Vehicle running and maintenance	960	882
Travelling and conveyance	427	120
Repairs and maintenance	532	536
Legal and professional charges	1,154	887
Credit rating fee	371	193
SECP license fee	273	302
Utilities	788	767
Communication	373	370
Postage and courier	251	247
Depreciation	1,795	1,478
Insurance	604	548
Auditors' remuneration	187	230
Consultancy Charges	273	1,165
Computer expenses	569	583
Entertainment / Office Supplies	229	285
Miscellaneous	148	54
Financial Cost	19	15
	<b>30,593</b>	<b>28,023</b>
<b>NET PROFIT FOR THE YEAR</b>	<b>158,066</b>	<b>66,252</b>

Note: Above mention expenses are best on revenue generated through Collective Investment Schemes (CIS) during the year. Expenses directly related to CIF are allocated to Specific CIF.



**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 Thirty First Annual General Meeting of the Company to be held on Monday,  
27 October, 2014 at 9:30 a.m. and / or any adjournment thereof.  
As witness my / our hand seal this \_\_\_\_\_ day of \_\_\_\_\_ 2014  
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.**

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