Golden Arrow
SELECTED STOCKS FUND LIMITED

1st Quarter Report
September 30, 2013
(Un-audited)

Quarterly report

Partner with AKD Profit from the Experience

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
Mr. Aurangzeb Ali Naqvi*
Mr. Muhammad Siddiq Khokhar*
Mr. Abdul Karim Memon*
Mr. Muhammad Yaqoob*
Mr. Abdul Qadir Sultan**

AUDIT COMMITTEE
Mr. Muhammad Siddiq Khokhar (Chairman)
Mr. Abdul Karim Memon (Member)
Mr. Aurangzeb Ali Naqvi (Member)
Mr. Abdul Qadir Sultan (Member)***
Mr. Mohammad Yasir Khan Ghouri (Secretary)

CHIEF FINANCIAL OFFICER
Mr. Muhammad Munir Abdullah

COMPANY SECRETARY
Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT & COMPLIANCE
Mr. Mohammad Yasir Khan Ghouri

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 Shahra-e-Faisal,
Karachi-74400.

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

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

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

REGISTRAR & SHARE TRANSFER OFFICE
JWAFFS Registrar Services (Pvt.) Ltd.
505, 5th Floor, Kashif Centre,
Near Hotel Mehran, Main Shahrah-e-Faisal
Karachi - 75530.
Tel: 021-35643871-72

RATING
JCR-VIS: MFR 5-Star (3-year period)
JCR-VIS: MFR 5-Star (2-year period)
JCR-VIS: MFR 5-Star (1-year period)

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

* Approval pending from SECP.
** Appointed as a Director in place of Ms. Ayesha Aqeel Dhedhi on September 25, 2013 and approval is pending from SECP.
*** Appointed Member Audit Committee in the meeting held on October 28, 2013.

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 finanical industry with diversifying its business activities by good asset allocation and generating better financial results and yield to the stakeholders.

DIRECTORS' REPORT

The Board of Directors of Golden Arrow Selected Stocks Fund Limited (GASSFL) is pleased to present its quarterly report along with the Fund's accounts for the first quarter ended September 30, 2013.

Fund's Financial Performance

For the quarter ended September 30, 2013, GASSFL posted a return of 7.51% versus KSE-100 return of 3.94%, an outperformance of 3.57% viz-a-viz benchmark. GASSFL posted a profit of Rs. 124.383 million as compared to a profit of Rs. 165.336 million in the same period last year.

Investment Strategy

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

Macro Perspective

In the absence of external flows, the Current Account (CA) depicted dismal performance of the economy. The CA recorded deficit of US$1.2bn in first quarter of FY14, against a surplus of US$439mn in 1QFY13. This is mainly attributable to considerable pick-up in imports (primarily driven by higher oil prices and rising energy demand in summer) which increased by sizeable 8.9% to US$10.6bn. On the flip side, exports registered an increase of meager 1.3%QoQ to US$6.2bn. Widening current account deficit coupled with large debt payments have led to sharp depletion in State Bank's foreign exchange reserves which stood at US$4.402bn at the end of Sep'13. Total foreign exchange reserves amounted to US$9.923bn. Reserves slipped the level of US$10bn as Pakistan repaid a total of US$720mn to IMF in the first quarter. Home remittances amounted to US$3.927bn in 1QFY14, depicting a growth of 9.14%YoY to US$3.599bn, which gave some respite to the CA.

CPI in 1QFY14 averaged a moderate 8.06%YoY against 9.04% in the same period last year. Stable inflation numbers came on the back of lower than expected inflation in the month of September which dropped by 0.29%MoM to clock in at 7.39% YoY. This is mainly attributable to decline in food and non-alcoholic beverages inflation (dropped by 2% MoM). However core inflation on the other hand is heading upward, clocking in at 8.7% YoY in September 2013 versus a low of 7.8% in June 2013. Going forward, we believe that inflationary pressures in coming quarters to persist on the back of a depreciating currency making imports expensive (fueling inflation) and an increase in gas and electricity tariffs coupled with the hike in oil prices due to unrest in oil producing countries.

The SBP in its latest monetary policy has raised its inflation estimate for FY14 to 11%, versus Government's estimate of 8%, repositioning its monetary stance and raised the discount rate by 50 basis points to 9.5%. This is expected to set a stage for the discount rate to inch up further in coming months. On the global front, episodes like a proposed US military strike on Syria haunted the investors and forced commodity prices to remain volatile. In the absence of foreign inflows coupled with mounting debt repayments to the IMF and other donor agencies, the Pak Rupee remained under pressure and after touching an all-time high of PkR112 as of September 25, 2013 to close at in the range of RKR105 further fueling inflation.

Equity Market

During the 1QFY14, equity market witnessed mixed sentiments. Where on one hand, staff level agreements between IMF and Pakistan regarding US$6.7bn loan under Extended Fund Facility (EFF) to help the country rebuild its reserves and resolve of the newly elected PML-N government to clear circular debt issue spurred new hopes for the investors. However, volatility of PkR/US$ parity, unanticipated hike in discount rate by the State Bank of Pakistan by 50 basis point, increase in power tariffs for industrial consumers, rumors of breakup of informal marketing arrangement of cement manufacturers and SBP's regime of linking saving account deposit rates to the discount rate window kept investor optimism in check. The KSE -100 in last month of the preceding quarter depicted the worst performance in comparison to the regional markets, declining by 4.8%MoM in Frontier Market Index against regional market average return of 3.4% MoM.

The benchmark KSE-100 Index gained 3.94% during the 1QFY14 to close at 22,387 points against 16% in last quarter of FY13. Top performing sectors during the quarter were Tobacco (+87.3%), Health Care Equipment and Services (+82%), Software and Computer (+39%), Media (+26%), Commercial Banks (+17%) and Fixed Line Telecommunication (+16.5%). On the flip side, laggards were Food Producers (-32%), Equity Investment Instruments (-25%), Travel and Leisure (-22%), Real Estate Investment and Services (-16%), Technology Hardware and Equipment (-15%) and Leisure Goods (-15%).

Money Market Review

SBP auctioned T-Bills and PIBs of various maturities in 1QFY14. In total five T-Bills auction conducted during the period, Government could only raise PkR835bn against target of PkR1.35 trillion. This was on account of decline in cut-off yields in first four auctions conducted by the SBP. Following the hike in policy rate, some improvement was seen in cut-off yields for MTBs. Government in last auction of the quarter raised impressive PkR506bn against target of PkR250bn. 3 month cut-off yield of T-Bills surged by some 45 basis points to 9.4114%. Against the expectations, PIBs on other hand could not fetch targeted participation. Despite the enticing increase of 54, 50 and 60 basis points in cut-off yields of 3-year, 5-year and 10- year Government Bonds, participation remained highly subdued. It stood at PkR28.89bn against target of PkR50bn.

The Central Directorate of National Savings (CDNS) revised the profit rates on all National Saving Schemes (NSS) by 183bps to 450bps after the SBP announced policy rate hike. The rates were increased to foster savings and reduce Government's reliance to borrow from commercial banks. Higher rates offered is expected to compel investors to withdraw their savings from commercial banks which offer a minimum return of 6.5% p.a and into National Saving schemes.

Future Outlook

Although the Government has been able to strike a new funding facility with the International Monetary Fund, the amount shall be disbursed in quarterly tranches subsequent to meeting pre-defined targets, not providing immediate liquidity to our cash starved economy. Funding from other bi-lateral and multi-lateral agencies, have yet to materialize. Any positives from recent visit by the newly elected prime minister to China, Saudi Arabia and United States of America may also take some time to mature. This has led to the import cover reduced from 2.7 months of imports in June 2013 to 1.2 months as of Sep 2013. In the absence of these, the Government is solely dependent to finance the gap from internal sources where the government has increased the rate on savings schemes ranging from 183bps to 450bps. Further, the Government has also taken one of the most unpopular decisions to increase gas and electricity tariffs in order to extinguish the non productive subsidies. The government has also accelerated its process for privatization which coupled with subsidies continues to drain state finances.

The Government is also actively pursuing and is hopeful for a successful auction of the much awaited 3G licenses which should add respite to the local currency and economy. These positive developments are expected to result in a more stable Pak Rupee.

While the economic scenario is expected to remain volatile, securities listed on the Karachi Stock Exchange have continued to show resilience as broad valuations remain attractive, most of the listed equity securities continue to show strong growth. The Karachi Stock Exchange trades at an attractive P/E of 7.5x, EPS growth of 17%, ROE of 21.75% and a dividend yield of 6.82%.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 28, 2013

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:

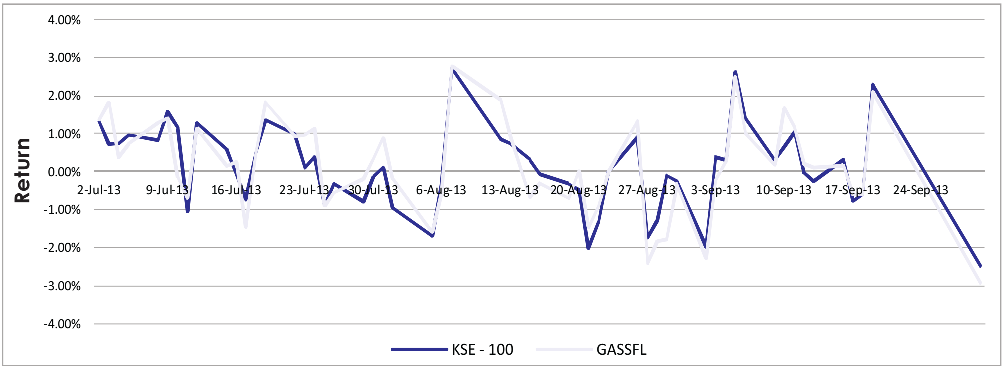
For the 1QFY14, the return of the Golden Arrow Selected Stocks Fund Limited (GASSFL) stood at a 7.51% versus the benchmark KSE-100 Index of 3.94%, thus significantly outperforming the benchmark by 3.57%.

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:

GASSFL performance relative to benchmark



Monthly Yield	July 2013	Aug 2013	Sep 2013
GASSFL	13.01%	-5.88%	1.11%
Benchmark	10.98%	-4.94%	-1.48%

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

Golden Arrow Selected Stocks Fund Limited is a closed end equity scheme. The return of Fund is generated through investment in value stocks which have strong growth potential. GASSFL is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

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)	Sep 2013	June 2013
Equities	87.63%	97.62%
Cash	11.88%	2.08%
Other Assets	0.49%	0.30%
Leverage	Nil	Nil

viii) Analysis of the Collective Investment Scheme's performance:

1QFY14 Return	7.51%
Benchmark Return	3.94%

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

Net Asset Value			NAV Per Unit	
Sep 2013	June 2013	Change	Sep 2013	June 2013
(Rupees in '000)			Rs.	Rs.
1,558,256	1,602,002	-2.73%	10.25	10.53

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

FY14 started with the Government pinning hopes on a successful negotiation of a three year $6.68 billion package from the IMF to help build up reserves and address the alarming Balance of Payment situation. Subsequent to the successful negotiations, IMF released the first tranch of US$581 million which has inadvertently cleared the way for further inflows from bilateral and multilateral donor agencies. However, in a surprise move the State Bank of Pakistan in its recent monetary policy statement increased the discount rate by 50bps to 9.5% in contrast to the preceding policy statement which was a cut-off 50bps. This may have been a result of a condition set by the IMF to keep the real rates positive. As the SBP rational was a foreseeable increase in CPI numbers going forward.

CPI inflation remained subdued in 1QFY14 at 8.06% (9.14% in the corresponding period last year). In September 2013, head line inflation witnessed a slight dip and clocked in at 7.39% YoY as compared to August 2013. During the quarter, Government borrowing once again shifted to the Central Bank. On the fiscal front, the Government was able to collect amount of PkR 800billion on account of tax and non tax revenue. This quarter FBR had collected a record amount of PkR 480 billion (both tax and non tax revenue), which was also higher by 17% from last year.

Trade deficit showed an increasing trend and narrowed by 5.15%. It stood at US$ 4.47 billion during the period ended September 2013 against the deficit of US$ 4.0 billion in the corresponding period last year. This was mainly due to severe energy crisis and crowding out of the private sector due to unprecedented government borrowing.

We believe that further monetary tightening is on the cards going forward due to widening of fiscal deficit coupled with depreciation of Pak rupee against US dollar making imports expensive and increase in gas and power tariffs all fueling inflation, while the new IMF program will certainly provide some respite on the external account front and bring fiscal discipline.

EQUITY MARKET REVIEW

During the period KSE-100 registered a return of 3.94% to close at a level of 21,832 as on September 30, 2013. Investors in the initial days of the quarter remained rejuvenated with the transition of the newly elected government and were optimistic that the government as per their election campaign would address the economic and social woes of the Country. Perhaps their first priority to resolve the menance of circular debt and re-initiation of talks with the IMF. However ballooning twin deficits and reversal in the inflationary trend has resulted a majority to realize that the revival of the economy remains an uphill task and requires time and more importantly tough decisions on the part of the Government. The Government has been able to take stern decisions including the increase in gas and power tariffs in order to do away with the menance of the circular debt and non-productive subsidies which is definitely a step in the right direction.

Pakistan received US$49 million (excluding one-off US$140 million outflow of KAPCO) against an inflow of US$83 million.

Foreigners are looking at the larger picture in terms of long-term benefits that the country would reap due to the necessary stern actions taken by the ruling government.

During the quarter Commercial Banks appreciated by 17% due to increase in the discount rate leading to increase in average spreads for the sector. The SBP subsequently increased the minimum deposit rates on saving accounts by linking MDR 50 basis point below the SBP repo rate, which means the MDR from October 01, 2013 increased from 6% to 6.5%, while the benefit of an increase did not translate as anticipated. Fixed Line Telecommunication sector appreciated by 16.5% mainly due to concrete measures in order to restrain grey traffic in the country.

The Government is reducing energy crisis by a) removing non-productive subsidiaries, which will improve the fiscal situation of the economy and b) converting power houses on coal from the most expensive furnace oil in order to reduce the cost of producing electricity. The Government increased the electricity tariff from August 01, 2013, for industrial consumers, while domestic consumers will face price hike from November 01, 2013, which was earlier targeted for October 01, 2013 and has been delayed due to the Supreme Court intervention.

In order to reduce terrorist activity an All Parties Conference was convened where it was unanimously agreed that peace talks be initiated with Taliban. While this remains an uphill task, any positives from these negotiations would result in a massive re-rating of the Pakistani equities which has been unable to yield its true potential as a result of disorder.

MONEY MARKET REVIEW

Recent hike in discount rate by a 50 basis point raised the 6 month KIBOR rates by a 42 basis point to stand at 9.51% against 9.09% in June 2013. In anticipation of a recent interest rate hike banking sector participation in T-bill auction remained low during the quarter.

During the quarter SBP auctioned T-Bills and PIBs of various maturities. In total five T-Bills auctions were conducted during the period, where the Government could only raise PkR835bn against target of PkR1.35 trillion, while the majority of the amount of PkR506bn was raised in the last auction of the quarter subsequent to the rate hike. 6 months cut-off yield of T-Bills surged by 53 basis points to 9.45%. Against the expectations, PIBs on other hand could not fetch targeted participation. Despite the enticing increase of 54, 50 and 60 basis points to 12%, 12.40% and 12.95% respectively in cut-off yields of 3-year, 5-year and 10- year Government Bonds, participation remained highly subdued. It stood at PkR28.89bn against target of PkR50bn. There were no auctions of GoP Ijarah Sukuk during the quarter which in turn increases the prices in secondary market.

The Central Directorate of National Savings (CDNS) revised the profit rates on all National Saving Schemes (NSS) by 183bps to 450bps after the SBP announced policy rate hike. The rates were increased to foster savings and reduce Government's reliance to borrow from commercial banks and the central bank. Higher rates offered would compel the investors to withdraw their savings from commercial banks which offer return of 6.5% and invest in National Saving Accounts.

FUTURE OUTLOOK

While the economic scenario is expected to remain volatile, securities listed on the Karachi Stock Exchange have continued to show resilience as broad valuations remain attractive, most of the listed equity securities continue to show strong growth coupled with pricing power to totally pass on the inflationary pressures. The Karachi Stock Exchange trades at an attractive P/E of 7.5x, EPS growth of 17%, ROE of 21.75% and a dividend yield of 6.82%.

xi) 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 manager's report.

xii) Disclosure on share split (if any), comprising :

There were no share split during the period.

xiii) Disclosure of circumstances that materially affect any interests of Share holders

Investments are subject to credit and market risk.

xiv) 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.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2013

	Note	(Un-audited) September 30 2013	(Audited) June 30 2013
		-------- (Rupees in '000) --------	
ASSETS			
Bank balances		**211,229**	34,468
Receivable against sale of investments		**92**	927
Investments	4	**1,557,894**	1,617,620
Dividends and other receivables		**5,749**	1,162
Tax refundable		**124**	124
Security deposit and prepayments		**2,750**	2,750
Total Assets		**1,777,838**	1,657,051
LIABILITIES			
Payable against purchase of investments		**-**	6,208
Payable to Management Company		**2,781**	2,722
Accrued expenses and other liabilities		**22,728**	4,520
Provision for Workers' Welfare Fund	6	**30,232**	27,693
Unclaimed dividend		**163,841**	13,906
Total Liabilities		**219,582**	55,049
NET ASSETS		**1,558,256**	1,602,002
SHARE HOLDER'S EQUITY			
Authorised capital			
250,000,000 (June 30, 2013: 250,000,000) ordinary shares of Rs. 5 each		**1,250,000**	1,250,000
Issued, subscribed and paid-up capital			
152,098,344 (June 30, 2013: 152,098,344) ordinary shares of Rs. 5 each		**760,492**	760,492
General reserves		**500**	500
Unrealised appreciation on re-measurement of investments classified as "available-for-sale" - net		**-**	821
Undistributed income		**797,264**	840,189
		1,558,256	1,602,002
		------------ (Rupees)------------	
NET ASSETS VALUE PER SHARE		**10.25**	10.53
CONTINGENCIES AND COMMITMENTS	5		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	Quarter ended September 30, 2013	Quarter ended September 30, 2012
		---------- (Rupees in '000) ----------	
Income			
Capital gain on sale of investments - net		191,573	43,400
Dividend income		6,478	2,050
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	4.3	(56,801)	136,488
Income on term finance certificates		-	(1,072)
Profit on bank deposits		1,186	426
Total Income		142,436	181,292
Operating expenses			
Remuneration of Management Company		8,803	6,148
Sales Tax on Remuneration of Management Company	8	1,634	984
Federal Excise Duty on Remuneration of Management Company	9	1,409	-
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		418	292
Remuneration of Custodian - Central Depository Company of Pakistan Limited (CDC)		286	212
Auditors' remuneration		70	69
Legal and professional charges		4	-
Annual listing fee		477	253
Central Depository System charges		49	92
Fees and subscription		83	57
Securities transaction cost		1,761	762
Bank charges		6	2
Directors' fee		40	-
Printing and postage		475	-
Impairment Expense		-	3,711
Provision for Workers' Welfare Fund	6	2,538	3,374
Total Expenses		18,053	15,956
Net income before taxation		124,383	165,336
Taxation	7	-	-
Net income after taxation		124,383	165,336
Other comprehensive income for the period			
Unrealised appreciation / (diminution) during the period on re-measurement of investments classified as 'available for sale' - net		-	661
Realised loss against sale of investments classified as 'available for sale' - net		(821)	-
		(821)	661
Total comprehensive income for the period		123,562	165,997
		-------------- (Rupees) --------------	
Earnings per share		0.82	1.09

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Quarter ended September 30, 2013	Quarter ended September 30, 2012
	----- (Rupees in '000) -----	
Undistributed income brought forward	**840,189**	371,934
Net Income after taxation for the period	**124,383**	165,336
Final dividend for the year ended June 30, 2013 @ 22% (Rs. 1.10 per share) [June 30, 2012 @ 24% (Rs. 1.20 per share)]	**(167,308)**	(182,518)
Undistributed income carried forward	**797,264**	354,752

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Quarter ended September 30,	
	2013	2012
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	**124,383**	165,336
Adjustments for non-cash and other items		
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	**56,801**	(136,488)
Remuneration to Management Company	**8,803**	6,148
Dividend income	**(6,478)**	(2,050)
Remuneration of Custodian	**286**	212
	183,795	33,158
(Increase) / decrease in assets		
Receivable against sale of investments	**835**	(50,733)
Investments - net	**2,104**	52,451
Dividends and other receivables	**(206)**	1,023
	2,733	2,741
Increase / (decrease) in liabilities		
Payable against purchase of investments	**(6,208)**	9,230
Provision for Workers' Welfare Fund	**2,539**	3,374
Accrued expenses and other liabilities	**18,192**	(406)
	14,523	12,198
Net cash generated from operations	**201,051**	48,097
Remuneration paid to the Management Company	**(8,744)**	(5,939)
Remuneration paid to Custodian	**(270)**	(208)
Dividend received	**2,097**	927
Net cash generated from operating activities	**194,134**	42,877
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(17,373)**	(118)
Net increase in cash and cash equivalents	**176,761**	42,759
Cash and cash equivalents at the beginning of the period	**34,468**	14,569
Cash and cash equivalents at the end of the period	**211,229**	57,328

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Share capital	General reserves	Unrealised appreciation / (diminution) on re-measurement of investments classified as available for sale - net	Undistributed income	Total
			(Rupees in '000)		
Balance as at June 30, 2012	760,492	500	2,020	371,934	1,134,946
Total comprehensive income for the first quarter ended September 30, 2012	-	-	661	165,336	165,997
Final dividend for the year ended June 30, 2012 @ 24% (Rs. 1.20 per share)	-	-	-	(182,518)	(182,518)
Balance as at September 30, 2012	760,492	500	2,681	354,752	1,118,425
Balance as at June 30, 2013	760,492	500	821	840,189	1,602,002
Total comprehensive income for the first quarter ended September 30, 2013	-	-	(821)	124,383	123,562
Final dividend for the year ended June 30, 2013 @ 22% (Rs. 1.10 per share)	-	-	-	(167,308)	(167,308)
Balance as at September 30, 2013	760,492	500	-	797,264	1,558,256

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - PER SHARE (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Quarter ended September 30, 2013	Quarter ended September 30, 2012
	--------- (Rupees)	---------
Net assets value per share at the beginning of the period	**10.53**	7.46
Capital gain on sale of investments - net	**1.26**	0.29
Dividend income	**0.04**	0.01
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	**(0.37)**	0.90
Income on term finance certificates	**-**	(0.01)
Profit on bank deposits	**0.01**	-
Net income for the period	**0.94**	1.19
Operating expenses	**(0.12)**	(0.10)
Final dividend for the year ended June 30, 2013 @ 22% (Rs. 1.10 per share) [June 30, 2012 @ 24% (Rs. 1.20 per share)]	**(1.10)**	(1.20)
Net assets value per share as at September 30	**10.25**	7.35

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

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 being managed by AKD Investment Management Limited and Central Depository Company of Pakistan Limited is the custodian of the Company.

1.3 JCR-VIS Credit Rating Company Limited has assigned a management quality rating of 'AM3-' to the Management Company and Company performance ranking of "MFR 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 EOGM 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 STATEMENT OF COMPLIANCE

These condensed interim 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.

These condensed interim financial statements are unaudited.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2013.

	Note	(Unaudited) September 30, 2013	(Audited) June 30, 2013
		-------- (Rupees in '000)	--------
4 INVESTMENTS			
Financial assets at fair value through profit or loss			
- Quoted equity securities - held for trading	4.1	**1,554,599**	1,606,185
Available for sale			
- Quoted equity securities	4.2	**3,295**	11,435
		1,557,894	1,617,620

4.1 **Quoted Equity Securities - financial assets at 'fair value through profit or loss'**

Name of the investee company	Number of shares					Balance as at September 30, 2013			Percentage in relation to		
	Opening balance	Purchases during the period	Bonus / rights issue	Sales during the period	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'-----------					
SHARES OF LISTED COMPANIES - fully paid ordinary shares of Rs. 10 each unless stated otherwise											
OIL AND GAS											
Attock Refinery Limited	-	463,200	-	143,700	319,500	78,227	64,673	(13,554)	4.15	4.15	0.37
Mari Petroleum Company Limited	-	98,800	-	48,800	50,000	7,324	7,608	284	0.49	0.49	0.05
National Refinery Limited	51,400	-	-	-	51,400	12,365	10,623	(1,742)	0.68	0.68	0.06
Shell Pakistan Limited	-	141,300	-	-	141,300	23,041	19,008	(4,033)	1.22	1.22	0.17
Pakistan State Oil Company Limited	236,540	212,300	-	35,000	413,840	139,783	108,467	(31,316)	6.96	6.96	0.17
						260,740	210,379	(50,361)			
CHEMICALS											
Arif Habib Corporation Limited	210,000	-	-	-	210,000	4,654	4,280	(374)	0.27	0.27	0.05
Clariant Pakistan Limited	165,480	151,500	-	-	316,980	94,796	73,472	(21,324)	4.72	4.72	0.93
Dynea Pakistan Limited (Face value of Rs.5 each)	895,233	-	-	-	895,233	34,735	30,805	(3,930)	1.98	1.98	4.74
Engro Polymer & Chemicals Limited	182,000	250,000	-	-	432,000	5,526	5,776	250	0.37	0.37	0.07
Engro Corporation Limited	1,100,500	-	-	1,100,500	-	-	-	-	-	-	-
Ghani Gases Limited	6,900	-	-	-	6,900	172	174	2	0.01	0.01	0.01
Nimir Industries Chemicals Limited (Face Value of Rs. 5each)	-	248,500	-	-	248,500	1,267	1,834	567	0.12	0.12	0.11
Sitara Peroxide Limited	-	250,000	-	-	250,000	3,883	3,828	(55)	0.25	0.25	0.45
Lotte Chemical Pakistan Limited	1,000,000	15,000	-	-	1,015,000	7,737	6,811	(926)	0.44	0.44	0.07
						152,770	126,980	(25,790)			
FORESTRY (PAPER AND BOARD)											
Century Paper and Board Mill Limited	885	100,000	-	-	100,885	3,973	3,685	(288)	0.24	0.24	0.10
						3,973	3,685	(288)			
INDUSTRIAL METALS AND MINING											
Crescent Steel and Allied Products Limited	1,050,035	-	-	1,050,035	-	-	-	-	-	-	-
International Steel Limited	1,043,965	-	-	-	1,043,965	18,468	17,925	(543)	1.15	1.15	0.24
International Industries Limited	449,500	-	-	-	449,500	20,277	18,996	(1,281)	1.22	1.22	0.37
Huffaz Seamless Pipe Industries Limited	428,745	-	-	-	428,745	9,437	9,244	(193)	0.59	0.59	0.77
						48,182	46,165	(2,017)			
CONSTRUCTION AND MATERIALS											
Dewan Cement Limited	1,245,500	2,132,000	-	-	3,377,500	20,425	19,184	(1,241)	1.23	1.23	0.87
D.G Khan Cement Company Limited	-	819,500	-	-	819,500	69,648	56,439	(13,209)	3.62	3.62	0.19
Shabbir Tiles & Ceramics Limited	257,793	-	-	-	257,793	2,526	2,328	(198)	0.15	0.15	0.18
(Face value Rs 5 each)						92,599	77,951	(14,648)			
GENERAL INDUSTRIALS											
Cherat Packaging Limited	61,499	-	-	-	61,499	2,368	2,584	216	0.17	0.17	0.22
Merit Packaging Limited.	454,195	-	-	300,000	154,195	3,166	4,472	1,306	0.29	0.29	3.25
Macpac Films Limited	213,629	-	-	-	213,629	4,873	5,710	837	0.37	0.37	0.55
Thal Limited (Face value of Rs 5 each)	522,557	20,000	-	-	542,557	68,642	65,263	(3,379)	4.19	4.19	0.67
						79,049	78,029	(1,020)			
ELECTRONIC AND ELECTRIC GOODS											
Pakistan Cables Limited	-	6,500	-	-	6,500	467	460	(7)	0.03	0.03	0.02
						467	460	(7)			
ENGINEERING											
K.S.B. Pumps Company Limited	250,000	-	-	32,000	218,000	18,290	17,146	(1,144)	1.10	1.10	1.65
						18,290	17,146	(1,144)			

Name of the Investee company	Number of shares					Balance as at September 30, 2013			Percentage in relation to		
	Opening Balance	Purchases during the period	Bonus / rights issue	Sales during the period	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'					
INDUSTRIAL TRANSPORTATION											
Pakistan International Bulk Terminal Limited *	65,000	-	-	-	65,000	650	650	-	0.04	0.04	-
Pakistan National Shipping Corporation	198,808	-	-	-	198,808	9,145	11,557	2,412	0.74	0.74	0.15
						9,795	12,207	2,412			
TECHNOLOGY HARDWARE AND EQUIPMENT					-						
TPL Trakker Limited	8,299,000	535,000	-	-	8,834,000	72,786	61,838	(10,948)	3.97	3.97	4.07
						72,786	61,838	(10,948)			
SUPPORT SERVICES					-						
TRG Pakistan Limited	16,411,060	-	-	-	16,411,060	167,229	153,936	(13,293)	9.88	9.88	4.26
						167,229	153,936	(13,293)			
AUTOMOBILE AND PARTS											
General Tyre & Rubber Co. of Pakistan Limited	152,892	-	-	-	152,892	6,452	7,191	739	0.46	0.46	0.26
Atlas Battery Limited	13,664	-	2,732	-	16,396	4,626	4,722	96	0.30	0.30	0.09
Atlas Honda Limited	145,151	-	-	-	145,151	26,293	29,175	2,882	1.87	1.87	0.14
Honda Atlas Cars (Pakistan) Limited	10,000	-	-	-	10,000	437	410	(27)	0.03	0.03	0.01
Exide Pakistan Limited	39,510	-	3,951	-	43,461	17,771	13,037	(4,734)	0.84	0.84	0.56
						55,579	54,535	(1,044)			
BEVERAGES											
Murree Brewery Company Limited	183,901	-	-	183,901	-	-	-	-	-	-	-
						-	-	-			
FOOD PRODUCERS											
Colony Sugar Mills Limited	401,000	-	-	-	401,000	2,502	3,108	606	0.20	0.20	0.40
Habib - ADM Limited (Face value of Rs 5 each)	74,889	-	-	-	74,889	1,863	2,194	331	0.14	0.14	0.19
JDW Sugar Mills Limited	11,573	-	-	-	11,573	1,250	1,551	301	0.10	0.10	0.02
Noon Pakistan Limited	31,689	501	-	32,190	-	-	-	-	-	-	-
Punjab Oil Mills Limited	99,000	-	-	-	99,000	6,287	6,287	-	0.40	0.40	1.84
Noon Sugar Mills Limited	1,002,091	1,500	-	-	1,003,591	24,899	23,635	(1,264)	1.52	1.52	6.08
Shahtaj Sugar Mills Limited	24,537	-	-	-	24,537	2,012	2,110	98	0.14	0.14	0.20
Shakarganj Mills Limited	2,617,002	1,242,500	-	50,000	3,809,502	79,850	74,285	(5,565)	4.77	4.77	5.48
Kohinoor Sugar Mills Limited	209,500	-	-	209,500	-	-	-	-	-	-	-
National Foods Limited	-	9,900	-	9,900	-	-	-	-	-	-	-
Tandlianwala Sugar Mills Limited	5,356	-	-	-	5,356	482	438	(44)	0.03	0.03	-
						119,145	113,608	(5,537)			
PERSONAL GOODS (TEXTILE)											
Crescent Fibres Limited	42,000	-	-	-	42,000	1,315	1,344	29	0.09	0.09	0.34
Dawood Lawrencepur Limited	43,159	-	-	-	43,159	2,590	3,195	605	0.21	0.21	0.07
Fazal Cloth Mills Limited	10,339	-	-	-	10,339	954	1,334	380	0.09	0.09	0.04
Gul Ahmed Textile Mills Limited	628,576	-	-	-	628,576	14,922	16,796	1,874	1.08	1.08	0.50
Rupali Polyester Limited	12,701	-	-	-	12,701	296	318	22	0.02	0.02	0.41
Din Textile Mills Limited	545,209	-	-	-	545,209	33,258	35,439	2,181	2.27	2.27	2.67
Ellcot Spinning Mills Limited	875,554	-	-	-	875,554	56,814	69,868	13,054	4.48	4.48	8.00
Fazal Textile Mills Limited	600	22,200	-	-	22,800	9,299	8,995	(304)	0.58	0.58	0.37
Ishaq Textile Mills Limited	6,500	-	-	-	6,500	106	80	(26)	0.01	0.01	0.07
Island Textile Mills Limited	38,300	3,150	-	-	41,450	25,655	37,371	11,716	2.40	2.40	8.29
Masood Textile Mills Limited	469,170	-	-	-	469,170	11,969	11,856	(113)	0.76	0.76	0.78
Prosperity Weaving Mills Limited	84,591	-	-	-	84,591	2,659	3,862	1,203	0.25	0.25	0.46
Saif Textile Mills Limited	181,500	-	-	-	181,500	4,427	5,501	1,074	0.35	0.35	0.69
Sapphire Fibres Limited	47	-	-	-	47	8	10	2	0.00	0.00	-
Service Industries Limited	61,188	-	-	7,900	53,288	13,908	15,454	1,546	0.99	0.99	0.44
ZIL Limited	118,135	-	-	-	118,135	12,489	11,813	(676)	0.76	0.76	2.22
						190,669	223,236	32,567			

Name of the Investee company	Number of shares					Balance as at September 30, 2013			Percentage in relation to		
	Opening Balance	Purchases during the period	Bonus / rights issue	Sales during the period	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'					
FIXED LINE TELECOMMUNICATION											
PAK Datacom Limited	654,031	-	-	-	654,031	48,078	52,813	4,735	3.39	3.39	8.34
Pakistan Telecommunication Company Limited	657,500	350,000	-	1,007,500	-	-	-	-	-	-	-
Telecard Limited	1,442,000	-	-	-	1,442,000	7,470	8,580	1,110	0.55	0.55	0.48
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	4,310	4,500	190	0.29	0.29	0.16
WorldCall Telecom Limited	2,000,000	-	-	-	2,000,000	6,000	5,200	(800)	0.33	0.33	0.23
						65,858	71,093	5,235			
ELECTRICITY											
Kohinoor Energy Limited	1,462,750	-	-	1,462,750	-	-	-	-	-	-	-
Sitara Energy Limited	263,151	-	-	-	263,151	8,342	9,210	868	0.59	0.59	1.38
						8,342	9,210	868			
MULTIUTILITIES (GAS AND WATER)											
Sui Northern Gas Pipelines Limited	143,550	206,000	-	349,500	50	1	1	-	0.00	0.00	-
Sui Southern Gas Company Limited	4,362,240	1,739,500	-	3,630,500	2,471,240	49,864	60,817	10,953	3.90	3.90	0.28
						49,865	60,818	10,953			
COMMERCIAL BANKS											
Askari Bank Limited	219,221	-	-	-	219,221	3,337	2,804	(533)	0.18	0.18	0.03
Askari Bank Limited (LOR)	-	120,571	-	-	120,571	-	345	345	0.02	0.02	0.03
Summit Bank Limited	7,762,159	-	-	-	7,762,159	18,008	16,223	(1,785)	1.04	1.04	0.72
Bank Al-Habib Limited	200,000	500,000	-	227,500	472,500	14,471	17,138	2,667	1.10	1.10	0.05
Bank Al-Falah Limited	1,086,500	2,000,000	-	1,200,000	1,886,500	38,504	39,503	999	2.54	2.54	0.14
BankIslami Pakistan Limited	850,000	-	-	-	850,000	5,534	5,109	(425)	0.33	0.33	0.16
Habib Bank Limited	283,490	10	-	83,500	200,000	23,848	30,492	6,644	1.96	1.96	0.01
Habib Metropolitan Bank Limited	513,382	-	-		513,382	8,912	10,827	1,915	0.69	0.69	0.05
NIB Bank Limited	4,372,955	-	-		4,372,955	10,145	10,058	(87)	0.65	0.65	0.04
						122,759	132,499	9,740			
NON LIFE INSURANCE											
Askari General Insurance Company Limited	526,000	-	-	-	526,000	9,994	11,035	1,041	0.71	0.71	1.35
Century Insurance Company Limited	451,312	-	-	-	451,312	6,359	6,806	447	0.44	0.44	0.99
Habib Insurance Company Limited (Face value of Rs. 5 each)	249,000	-	-	-	249,000	3,175	3,586	411	0.23	0.23	0.25
Premier Insurance Limited (Face value of Rs 5 each)	3,210,889	-	-	-	3,210,889	25,558	22,829	(2,729)	1.47	1.47	5.30
TPL Direct Insurance Company Limited	239,500	-	-	-	239,500	2,247	2,079	(168)	0.13	0.13	0.52
						47,333	46,335	(998)			
FINANCIAL SERVICES											
First Capital Securities Corporation Limited	317,605	-	-	-	317,605	1,267	1,016	(251)	0.07	0.07	0.10
						1,267	1,016	(251)			
HEALTH CARE EQUIPMENT AND SERVICES											
Shifa International Hospitals Limited	355,500	86,500	-	36,000	406,000	20,005	32,480	12,475	2.08	2.08	0.80
						20,005	32,480	12,475			
PHARMA AND BIO TECH											
Glaxosmithkline (Pakistan) Limited	-	196,000	-	-	196,000	24,693	20,988	(3,705)	1.35	1.35	0.07
Wyeth Pakistan Limited	23,329	1,500	-	24,829	-	-	-	-	-	-	-
						24,693	20,988	(3,705)			
IMPAIRED EQUITY SECURITIES											
FINANCIAL SERVICES											
Security Leasing Corporation Limited (9.1% Preference Shares)	1,489	-	-	-	1,489	5	5	-	0.00	0.00	0.01
						5	5	-			
Total listed equity securities as at September 30, 2013						**1,611,400**	**1,554,599**	**(56,801)**			
Total listed equity securities as at June 30, 2013						1,137,314	1,606,185	468,871			

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

Name of the investee company	Note	Number of shares: Opening balance	Number of shares: Purchases during the period	Number of shares: Bonus / rights issue	Number of shares: Sales during the period	Number of shares: Closing balance	Balance as at September 30, 2013: Carrying Cost	Balance as at September 30, 2013: Market value	Balance as at September 30, 2013: Appreciation / (diminution)	Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation to investee paid-up capital
							(Rupees in '000)					
FINANCIAL SERVICES												
Security Leasing Corporation Limited (9.1% Preference shares)	5.2.1	1,000,000	-	-	-	1,000,000	10,166	-	-	-	-	-
Less: Impairment							(6,871)					
							3,295	3,295	-	0.21	0.21	2.10
GENERAL INDUSTRIALS												
Siemens Engineering (Pakistan) Limited		12,500	-	-	12,500	-	-	-	-	-	-	-
Total listed equity securities as at September 30, 2013							**3,295**	**3,295**	**-**			
Total listed equity securities as at June 30, 2013							12,634	11,435	(1,199)			

4.2.1 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.

		Note	Unaudited September 30, 2013	Audited June 30, 2013
			-------- (Rupees in '000)	--------
4.3	**Unrealised diminution on re-measurement of investments classified as 'fair value through profit or loss' - net**			
	Market value of securities	4.1	**1,554,599**	1,606,185
	Less: carrying cost of securities	4.1	**1,611,400**	1,137,314
			(56,801)	468,871
4.4	**Net unrealised appreciation on re-measurement of investments classified as ' available for sale ' - net**			
	Market value of securities	4.2	**3,295**	11,435
	Less: Cost of securities	4.2	**3,295**	10,614
			-	821
4.5	**Net unrealised appreciation in fair value of investments classified as 'available for sale'**			
	Market value of investments		**3,295**	11,435
	Less: Cost of investments		**(3,295)**	(10,614)
			-	821
	Less: Net unrealised appreciation in fair value of investments at the beginning of year		**-**	(2,020)
			-	(1,199)

5 CONTIGENCIES AND COMMITMENTS

There were no Contigencies and Commitments as at September 30, 2013 and June 30, 2013.

6 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011.

MUFAP's legal counsel is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Workers' Welfare Fund contribution has not been affected by the Judgment passed by the larger bench of SHC.

In view of the aforementioned developments of last year, the management company as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs.30.232 million (including Rs.2.538 million for the current quarter) in these financial statements. Had this provision not been made the net asset value would have increase by Re.0.199 per share and the net income for the year would have increase by Re 0.017 per share.

7 TAXATION

The income of the company is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the shareholders.

The company is also exempt from the provisions of section 113 (minimum tax) under clause 11 of part 1V of the Second Schedule to the Income Tax Ordinance, 2001.

8 SALES TAX ON REMUNERATION OF MANAGEMENT COMPANY

During the current quarter, an amount of Rs.1.634 million charged against sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

9 FEDERAL EXCISE DUTY ON REMUNERATION OF MANAGEMENT COMPANY

During the current quarter, an amount of Rs.1.409 million (September 30, 2012 : Rs. Nil) was charged on account of federal excise duty on remuneration of management fee levied through Finance Act, 2013.

10 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:

	Quarter ended September 30,	
10.1 Transactions during the period	**2013**	**2012**
	Rupees in '000'	
AKD Investment Management Limited		
Remuneration to Management Company	**8,803**	6,148
AKD Securities Limited		
Sale of shares of various companies	**3,776**	4,271
Purchase of shares of various companies	**78,420**	9,230
Brokerage	**106**	18
Central Depository Company of Pakistan Limited (Custodian)		
Fee charged during the period (including transaction charges)	**335**	304

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
10.2 Transactions outstanding at the period / year end	(Rupees in '000')	
AKD Investment Management Limited - Management Company		
Remuneration payable	**2,781**	2,722
Sales Tax Provincial payable	**516**	477
Shares in issue (No. of shares: September 30, 2013; 34,915,395 June 30, 2013: 34,915,395)	**174,577**	174,577
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Shares in issue (No. of shares: September 30, 2013 : 2,092,812; June 30, 2013: 2,092,812)	**10,464**	10,464
AKD Securities Limited		
Shares in issue (No. of shares: September 30, 2013; 2,889 June 30, 2013: 2,889)	**14**	14
Brokerage Payable	**31**	111
AKD Investment Management Limited Staff Provident Fund		
Shares in issue (No. of shares: September 30, 2013, 601,046; June 30, 2013: 601,046)	**3,005**	3,005
Directors of the Company		
Shares of the Company held (No. of shares: September 30, 2013: 6,679,861; June 30, 2013: 6,679,861)	**33,399**	33,399
Key management personnel		
Shares of the Company held (No. of shares: September 30, 2013: 10,000; June 30, 2013: 10,000)	**50**	50
Central Depository Company of Pakistan Limited (Custodian)		
Fee payable	**101**	88
PAK Datacom Limited		
Shares held by the Company (No. of shares: September 30, 2013: 654,031; June 30, 2013: 654,031)	**52,813**	48,078

11 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 period.

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

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

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary, for the purposes of comparison. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 28, 2013 by the Board of Directors of the Company.

14 GENERAL

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

14.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the period as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

AKD Investment
Management Ltd.

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