Golden Arrow
SELECTED STOCKS FUND LIMITED

Half Yearly Report
December 31, 2013
(Un-audited)

Half Yearly
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)

CHIEF FINANCIAL OFFICER
Mr. Muhammad Munir Abdullah

COMPANY SECRETARY
Mr. Muhammad Yaqoob

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.

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 interim report along with the Fund`s accounts for the half year ended December 31, 2013.

KSE continued its upward drive where the Index posted historic levels reaching an all time high of 25,579.33 points on December 20, 2013 to settle at 25,261.54 as of December 31, 2013. The KSE - 100 Index increased by 20.3% for the 1HFY14, while the Index increased by 15.7% percent alone in 2QFY14. The benchmark Index also outperformed the MSCI Frontier Markets Index which registered a growth of 12.70% outperforming the Index by 7.6%. Market Capitalization increased to USD 13,202 million as at December 31, 2013 from USD 11,628 million as at June 30, 2013, an increase of 13.5%. Foreign portfolio investments continued to pour into the Pakistani Capital markets where Pakistan further received USD 85.7 million in the 1HF14 versus USD 117.2 million in the same period last year.

Dividend

The Board of Director of Golden Arrow Selected Stocks Fund Limited has approved an interim cash dividend of Rs. 2.2 / share for the half year ended December 31, 2013 in the meeting held on January 31, 2014.

Macro Perspective

The ruling Government's initiative of "investor friendly" policies has set a stage for a quick economic recovery while recent announcements of the EU for granting GSP Plus status would also help the cause. The Government in its early days of power cleared the circular debt which resulted in increased electricity production. Resultantly the private sector credit showed a sharp increase in 1HFY14, and stood at PKR 259bn vis-à-vis PKR 73bn in the same period last year, showing an enormous increase of 254%. For the first time, the Government announced quarterly GDP figures stating that the economy grew by 5.1% positives from clearing circular debt and increase in electricity production. In order to benefit from the increase in demand from attaining GSP Plus status and sustain the global competitive edge the Government would need to work on a war footing to address infrastructural weaknesses including the gas and electricity shortages which still remain the biggest impediment towards economic growth.

The Government's initiatives since coming to power include changing the electricity production mix where the Government has started to convert the most expensive furnace oil based power plants to cheaper coal based power plants while it has also decided to import LNG as an alternative source to depleting domestic gas reserves. Without say, as these initiatives remain key to unlocking economic value, there are however no short-term solutions to these issues. The Government is also pursuing new mega hydro power, coal based and nuclear power projects in order to cope up with the increasing demand supply gap. These initiatives remain the step in the right direction.

While the foreign exchange reserves continued to deplete, Pakistan entered into an IMF program in order to avert an imminent sovereign default on its external debt. The IMF has set quarterly targets to be achieved; with the disbursements linked to the fulfillment of pre-defined targets. This will help Pakistan to attain fiscal discipline that has been lacking at large. Entering into an IMF program has also paved way for obtaining funding from other bilateral and multilateral agencies to finance infrastructural projects within the country.

The trade deficit contracted by 8.75% in 1HFY14 and stood at US $9.03bn, as compared to US $ 9.9bn in 1HFY13. This decline is the outcome of an increase in exports by 5.1% while imports posted a decline of 1.14% (partial decrease in imports is on account of decline in international commodity prices). On the flip side, exports have mainly increased on account of PKR depreciation against greenback while grant of GSP Plus status accorded to Pakistani made-ups by the European Union will show its positive effects starting from 2HFY14. Despite the decline in trade deficit, the External Current Account (CA) deficit surged to US $1.5 billion against US $83 million in 1HFY13. This is mainly attributable to net debt servicing of US $952 million to International Monetary Fund (IMF) on account of Standby Agreement (SBA) and other outstanding loans that was also one of the prime reasons that forced Pakistan to re-enter into another IMF Program.

The Rupee expectedly continued to weaken against the USD with a decline in foreign exchange reserves. Although devaluation has its positives in terms of exports, however, this has not been the case for Pakistan due to infrastructural weaknesses and persistent power outages that has hampered any increase in production to cater to increased international demand.

The SBP in its latest monetary policy decided to maintain the discount rate based on anticipated improvement in dollar inflows and the tampering off of inflation. The SBP increased the policy rate by 50 basis points each in September and November 2013 mainly on account of two concerns. One was the continued deterioration in the balance of payments position while the other was worsening of inflation outlook. The overall current account deficit for FY14 is projected to increase. However, it is not deemed very high by historical standards and does not seem to pose risk to the external sector. The external current account deficit and its financing rests with inflows like Coalition Support Fund, 3G license fee, outstanding privatization proceeds of PTCL related inflows, and issuance of a euro bond. Absence of these flows could potentially result in a balance of payments deficit as against an anticipated surplus for FY14. Together with net repayments to the IMF for FY14, this suggests that there are some risks to the balance of payments position. While on the monetary side it is anticipated that the discount rate would remain unchanged from current levels for the rest of FY14.

Insurgency continued to plague the country while it remained at its all time peak. Civilians, policemen, politicians as well as personnel of the armed forces remained their targets. In its renewed efforts the Government has formed a committee for talks with different militant groups in order to eradicate the menace.

Equity Market

During the first half and especially in the second quarter a major rally was witnessed in the textile sector as the country gained access to duty free exports in to the European Union after the attainment of the GSP Plus status thereby leading to 25% gains in textile sector stocks during 2QFY14. Top performing sectors during the first half of the current fiscal year included Tobacco (+213%), Health Care Equipment and Services (+196%), Media (112%), Forestry (81%) and Software and Computer Services (52%). On the contrary, the sectors that lost the most during the same period were Equity Investment Instruments (-28%), Food Producers (-15%), Support Services (-13%), Travel and Leisure (-11%) and Real Estate Investment and Services (-10%).

Future Outlook

With the government is all set to privatize major state owned entities, the likes of PIA, Pakistan Steel Mills and top tier banks to name a few, trading activity on the KSE is likely to continue its charm in the coming quarters. The State Bank of Pakistan's decision of maintaining the discount rate also seems to pave way to boost up private sector borrowing and consequently keep the cycle of economy running at a steady pace. Moreover, we foresee Pakistan having good relations with United States in the future to resolve all issues based on mutual understanding.

On the flip side, things that may hamper the high level of investor confidence include news of worsening of the Pakistan United States relations, the issue of Ex-President Musharraf which could lead to cold relations between the top two power circles of the Country, and finally ties with the Taliban as they are key determinant of peace and prosperity within the region.

We expect foreign inflows to continue to pour in to our local bourses. Although Pakistani Stock Market is trading near its all time highs, the market continues to trade at very cheap multiples relative to its peers. We advise our investors to remain positive in the local equity markets.

For and on behalf of the Board

Imran Motiwala
Chief Execcutive Officer

Karachi: January 31, 2014

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

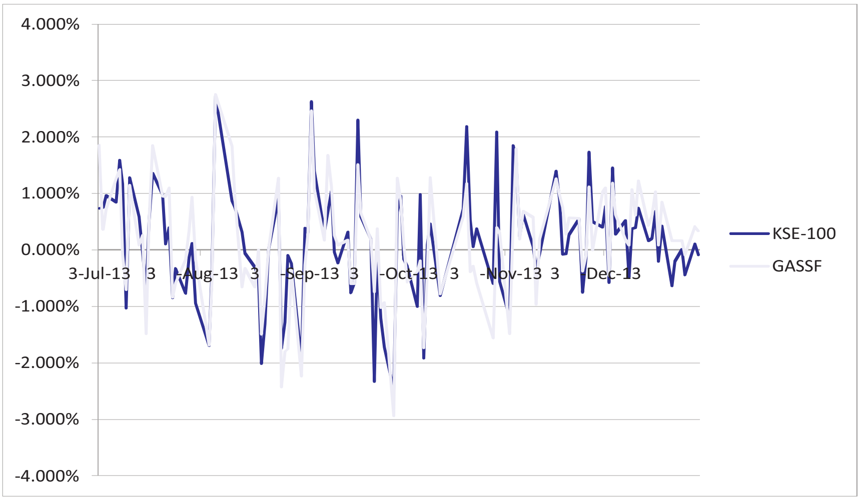
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1HFY14, the return of the Golden Arrow Selected Stocks Fund Limited (GASSFL) stood at a 26.50% versus the benchmark KSE-100 Index of 20.26%, thus significantly outperforming the benchmark by 6.24%.

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
GASSF	13.01%	-5.88%	1.11%	-1.27%	7.02%	11.36%
Benchmark	10.98%	-4.94%	-1.48%	4.32%	6.70%	3.95%

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 at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable):

Asset Allocation (% of Total Asset)	31-Dec-13	30-Sep-13
Equities	93.95%	87.63%
Cash	1.39%	11.88%
Other Assets	4.66%	0.49%
Leverage	Nil	Nil

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

1HFY14 Return	26.50%
Benchmark Return	20.26%

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

Net Asset Value			NAV Per Unit	
31-Dec-13	30-Sep-13	Change	31-Dec-13	30-Sep-13
(Rupees in '000)			Rs.	Rs.
1,833,900	1,558,256	17.69%	12.06	10.25

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

Government's decision to clear the circular debt in the early days of coming to power resulted in some benefits for the economy. To praise itself the Government for the first time in history, published quarterly national account numbers whereby it stated that the GDP registered a growth of 5.1% in 1QFY14, while the target GDP growth for the full year FY14 has been set at 4.4%. This growth in GDP is well supported by growth in industrial and services sector, which grew by 5.2% and 5.7% respectively. Trade deficit contracted by 8.75% in 1HFY14 and stood at US $9.03bn, as compared to US $ 9.9bn in 1HFY13. This decline is the outcome of slight increase in exports by 5.1% while imports posted a decline of 1.14%. Despite the decline in trade deficit, the External Current Account (CA) deficit surged to US $1.5 billion against US $83 million in 1HFY13. This is mainly attributable to net debt servicing of US $952 million to International Monetary Fund (IMF) on account of Standby Agreement (SBA) and other outstanding loans; which also forced Pakistan to re-enter into another IMF Program.

In a recent Monetary Policy report, the State Bank of Pakistan (SBP) has estimated that the net payments from the IMF will increase in 2HFY14 helping build foreign exchange reserves. This increase in net inflow from IMF, when coupled with timely receipt of remaining Coalition Support Funds, proceeds from the auction of 3G licenses and gradual increase in home remittances will lead to a gradual improvement in SBP's reserves, which have declined to as low as US $ 3.5bn by 10 January, 2014. Home remittances amounted to US $ 7.80bn has depicting a growth of 9.9%YoY.

The average CPI inflation in 1HFY14 stood at 8.9%YoY against 8.3%YoY in the same period last year. International commodity prices have fairly remained stable since the beginning of FY14. This has neutralized the impact of exchange rate volatility on inflation. Thus, the high inflation in the country is primarily due to domestic factors, which mainly includes PKR depreciation, hike in electricity tariff and the considerable increase in perishable food prices. Nevertheless, SBP expects that the average inflation figure for FY14 would remain in the range of 10-11% versus the Government's estimate of 8%.

The private sector credit has shown a sharp increase in 1HFY14, and stood at PKR 259bn vis-à-vis PKR 73bn in the same period last year, showing an enormous increase of 254%. This credit off-take has primarily been witnessed in gas, electricity, textiles, and commerce and trade sectors. It is expected that the off-take will continue on the account of improved financial position of major corporate sectors, higher demand of their products and reduction in NPL loans.

The SBP, in a latest monetary policy statement has kept the discount rate unchanged at 10%. This may have been the result of lower than expected inflation figures, expected foreign inflows from the IMF and other bilateral and multilateral donor agencies, privatization proceeds and fiscal consolidation efforts by the Government.

EQUITY MARKET REVIEW

A major rally was witnessed in the textile sector scripts in the first half of FY14, specifically during the second quarter, as Pakistan gained access to make duty free exports to the European Union under the ambit of the GSP Plus Status. The sector performed phenomenally well during the second quarter and registered gains of 25% during the period. Major gainers during the first half of FY14 include Tobacco (up 213%), Health Care Equipment and Services (up 196%), Media (up 112%), Forestry (up 81%) and Software and Computer Services (up 52%). On the other side of the coin, sectors that failed to deliver include Equity Instruments (down 28%), Food Producers (down 15%), Support Services (down 13%), Travel and Leisure (down 11%) and Real Estate Investment and Services.

FUTURE OUTLOOK

KSE is likely to retain its charm going forward as the Pakistani Government gears up to privatize several State Owned Entities, including big names like PIA and Pakistan Steel Mills. Another factor which seems to provide stimulus to private sector borrowing and keep the cycle of the economy running smooth is the State Bank's decision of maintaining the discount rate at current levels. We expect a status quo in the discount rate for the second half of FY14.

Relations with the United States remain a focal point of concern and we expect Pakistan to maintain good relations with the former. Moreover, negotiations with the Taliban and the issue of Former President Musharraf are factors which may create a rift between the two top power circles, the army and the establishment.

We remain bullish on the Pakistani capital markets. Although the KSE - 100 Index is trading near its all time high, the Karachi Stock Market remains amongst the cheapest in terms of valuations compared to its regional peers. We advice our investors to remain bullish in the Pakistani Capital Market.

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 Fund Manager's report.

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

There was 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.

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim Statement of Assets and Liabilities of **Golden Arrow Selected Stocks Fund Limited** (the Company) as at **31 December 2013,** and the related condensed interim Income Statement, condensed interim Distribution Statement, condensed interim Cash Flow Statement, condensed interim Statement of Changes in Equity, condensed interim Statement of Movement in Equity and Reserves - Per Share for the half-year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). The Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.4 to the accompanying condensed interim financial information 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 conclusion is not qualified in respect of the above matter.

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

Karachi: January 31, 2014

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2013

	Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
		------- (Rupees in '000) -------	
ASSETS			
Bank balances		**26,345**	34,468
Receivable against sale of investments		**-**	927
Investments	4	**1,802,940**	1,617,620
Dividends and other receivables		**472**	1,286
Security deposit		**2,750**	2,750
Advance against share subscription	5	**64,975**	-
		1,897,482	1,657,051
LIABILITIES			
Payable against purchase of investments		**63**	6,208
Payable to Management Company		**2,993**	2,722
Provision for Workers' Welfare Fund	6	**35,857**	27,693
Accrued expenses and other liabilities		**6,122**	4,520
Unclaimed dividend		**18,547**	13,906
		63,582	55,049
NET ASSETS		**1,833,900**	1,602,002
SHARE HOLDERS' 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 reserve		**500**	500
Undistributed income		**1,072,908**	840,189
Unrealised appreciation on re-measurement of investments classified as 'available-for-sale' - net		**-**	821
		1,833,900	1,602,002
		------------ (Rupees) ------------	
NET ASSETS VALUE PER SHARE		**12.06**	10.53
CONTINGENCIES AND COMMITMENTS	7		

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

Imran Motiwala	**Aurangzeb Ali Naqvi**
Chief Executive Officer	Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

		Half year ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
Income	Note	(Rupees in '000)			
Capital gain on sale of investments classified as 'financial assets at fair value through profit or loss' - net		**254,376**	121,710	**62,803**	78,310
Capital gain on sale of investments classified as 'available-for-sale' - net		**7,383**	-	**7,383**	-
Dividend income		**36,413**	25,122	**29,935**	23,072
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	4.3	**136,932**	223,736	**193,733**	87,248
Income on term finance certificates		**-**	12	**-**	1,084
Reversal of provision against debt security		**-**	3,711	**-**	3,711
Profit on bank deposits		**2,228**	1,291	**1,042**	865
Total income		**437,332**	375,582	**294,896**	194,290
Operating expenses					
Remuneration of Management Company		**17,058**	12,250	**8,255**	6,102
Sales tax on remuneration of Management Company		**3,166**	1,960	**1,532**	976
Federal Excise Duty on Remuneration of Management Company		**2,729**	-	**1,320**	-
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		**810**	582	**392**	290
Remuneration of custodian - Central Depository Company of Pakistan Limited (CDC)		**549**	447	**263**	235
Auditors' remuneration		**204**	164	**134**	95
Legal and professional charges		**209**	7	**205**	7
Annual listing fee		**477**	383	**-**	130
Central depository system charges		**157**	143	**108**	51
Fees and subscription		**152**	147	**69**	90
Securities transaction cost		**2,837**	2,429	**1,076**	1,667
Provision against debt security		**-**	3,711	**-**	-
Bank charges		**9**	4	**3**	2
Directors' fee		**90**	63	**50**	63
Printing and postage		**631**	685	**156**	685
Advertisement		**63**	75	**63**	75
Provision for Workers' Welfare Fund	6	**8,164**	7,051	**5,626**	3,677
Total expenses		**37,305**	30,101	**19,252**	14,145
Income before taxation		**400,027**	345,481	**275,644**	180,145
Taxation	8	**-**	-	**-**	-
Income for the period		**400,027**	345,481	**275,644**	180,145
Other comprehensive income / (loss) for the period					
Unrealised appreciation / (diminution) during the period on re-measurement of investments classified as 'available-for-sale' - net		**-**	345	**-**	(316)
Realised loss against sale of investments classified as 'available for sale' - net		**(821)**	-	**-**	-
Total comprehensive income for the period		**399,206**	345,826	**275,644**	179,829
		(Rupees)			
Earnings per share - basic and diluted		**2.63**	2.27	**1.81**	1.18

The annexed notes from 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended December 31, 2013	Half year ended December 31, 2012	Quarter ended December 31, 2013	Quarter ended December 31, 2012
	---------- (Rupees in '000) ----------			
Undistributed income brought forward	**840,189**	371,934	**797,264**	354,752
Net income after taxation for the period	**400,027**	345,481	**275,644**	180,145
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	**1,072,908**	534,897	**1,072,908**	534,897

The annexed notes from 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended December 31, 2013	Half year ended December 31, 2012	Quarter ended December 31, 2013	Quarter ended December 31, 2012
	(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before taxation	**400,027**	345,481	**275,644**	180,145
Adjustments for non-cash and other items				
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	**(136,932)**	(223,736)	**(193,733)**	(87,248)
Remuneration of the Management Company	**17,058**	12,250	**8,255**	6,102
Dividend income	**(36,413)**	(25,122)	**(29,935)**	(23,072)
Remuneration of custodian	**549**	447	**263**	235
	244,289	109,320	**60,494**	76,162
(Increase) / decrease in assets				
Receivable against sale of investments	**927**	3,404	**92**	54,137
Investments	**(49,209)**	46,634	**(51,313)**	(5,817)
Advance against share subscription	**(64,975)**	-	**(64,975)**	-
Dividends and other receivables	**(90)**	1,039	**116**	16
	(113,347)	51,077	**(116,080)**	48,336
Increase / (decrease) in liabilities				
Payable against purchase of investments	**(6,145)**	349	**63**	(8,881)
Provision for Workers' Welfare Fund	**8,164**	-	**5,625**	-
Accrued expenses and other liabilities	**1,567**	7,115	**(16,625)**	4,147
	3,586	7,464	**(10,937)**	(4,734)
Net cash generated from operations	**134,528**	167,861	**(66,523)**	119,764
Remuneration paid to the Management Company	**(16,787)**	(11,528)	**(8,043)**	(5,589)
Remuneration paid to custodian	**(514)**	(435)	**(244)**	(227)
Dividend received	**37,317**	25,693	**35,220**	24,766
Net cash generated from operating activities	**154,544**	181,591	**(39,590)**	138,714
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	**(162,667)**	(179,917)	**(145,294)**	(179,799)
Net cash used in financing activities	**(162,667)**	(179,917)	**(145,294)**	(179,799)
Net increase in cash and cash equivalents	**(8,123)**	1,674	**(184,884)**	(41,085)
Cash and cash equivalents at the beginning of the period	**34,468**	14,569	**211,229**	57,328
Cash and cash equivalents at the end of the period	**26,345**	16,243	**26,345**	16,243

The annexed notes from 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Share capital	General reserve	Unrealised appreciation / (diminution) on re-measurement of investments classified as available-for sale - net	Undistributed income	Total
	(Rupees in '000)				
Balance as at September 30, 2012	760,492	500	2,681	354,752	1,118,425
Net income for the period	-	-	-	180,145	180,145
Other comprehensive loss for the period	-	-	(316)	-	(316)
Total comprehensive income for the quarter ended December 31, 2012	-	-	(316)	180,145	179,829
Balance as at December 31, 2012	760,492	500	2,365	534,897	1,298,254
Balance as at June 30, 2012	760,492	500	2,020	371,934	1,134,946
Net income for the period	-	-	-	345,481	345,481
Other comprehensive income for the period	-	-	345	-	345
Total comprehensive income for the half year ended December 31, 2012	-	-	345	345,481	345,826
Final dividend for the year ended June 30, 2012 @ 24% (Rs.1.20 per share)	-	-	-	(182,518)	(182,518)
Balance as at December 31, 2012	760,492	500	2,365	534,897	1,298,254
Balance as at September 30, 2013	760,492	500	-	797,264	1,558,256
Net income for the period	-	-	-	275,644	275,644
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the quarter ended December 31, 2013	-	-	-	275,644	275,644
Balance as at December 31, 2013	**760,492**	**500**	**-**	**1,072,908**	**1,833,900**
Balance as at June 30, 2013	760,492	500	821	840,189	1,602,002
Net income for the period	-	-	-	400,027	400,027
Other comprehensive income for the period	-	-	(821)	-	(821)
Total comprehensive income for the half year ended December 31, 2013	-	-	(821)	400,027	399,206
Final dividend for the year ended June 30, 2013 @ 22% (Rs.1.10 per share)	-	-	-	(167,308)	(167,308)
Balance as at December 31, 2013	**760,492**	**500**	**-**	**1,072,908**	**1,833,900**

The annexed notes from 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	(Rupees)			
Net assets value per share at the beginning of the period	**10.53**	7.46	**10.25**	7.35
Capital gain on sale of investments - net	**1.72**	0.80	**0.46**	0.51
Dividend income	**0.24**	0.17	**0.20**	0.16
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	**0.90**	1.47	**1.27**	0.57
Income on term finance certificates	**-**	-	**-**	0.01
Profit on bank deposits	**0.02**	-	**0.01**	-
Net income for the period	**2.88**	2.44	**1.94**	1.25
Operating expenses	**(0.25)**	(0.17)	**(0.13)**	(0.05)
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'available-for-sale'	**-**	0.01	**-**	(0.01)
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	**12.06**	8.54	**12.06**	8.54

The annexed notes from 1 to 13 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 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 (NBFC Regulations), 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, the 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 constitution. 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

The condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the NBFC Rules, NBFC Regulations and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2013.

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors.

The condensed interim financial statements are presented in Pakistani Rupees which is the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these condensed interim financial statements and financial risk management objectives and policies are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2013.

New and amended standards and interpretations

During the period, following amendments, interpretations and improvements to the accounting standards became effective:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 7 – Presentation of Financial Statements – Presentation of items of comprehensive income – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 19 – Employee Benefits – (Revised)	January 01, 2013
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

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

4. INVESTMENTS	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
		-------- (Rupees in '000) --------	
Financial assets at fair value through profit or loss			
- Quoted equity securities - held-for-trading	4.1	**1,799,645**	1,606,185
Available-for-sale			
- Quoted equity securities	4.2	**3,295**	11,435
		1,802,940	1,617,620

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

Name of the Investee company	Note	Number of shares: Opening Balance	Purchases during the period	Bonus / Rights issue	Sales during the period	Closing balance	Balance as at December 31, 2013: Carrying cost	Market value	Appreciation / (diminution)	Percentage in relation to: 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	66,351	(11,876)	3.68	3.62	0.37
Mari Petroleum Company Limited		-	113,800	-	48,800	65,000	9,709	13,826	4,117	0.77	0.75	0.07
National Refinery Limited		51,400	-	-	-	51,400	12,365	11,077	(1,288)	0.61	0.60	0.06
Oil & Gas Development Company Limited		-	99,500	-	25,000	74,500	19,250	20,589	1,339	1.14	1.12	0.002
Shell Pakistan Limited		-	191,300	-	600	190,700	31,916	36,316	4,400	2.01	1.98	0.22
Pakistan State Oil Company Limited		236,540	232,300	-	45,000	423,840	141,866	140,808	(1,058)	7.81	7.68	0.17
							293,333	288,967	(4,366)			
Chemicals												
Arif Habib Corporation Limited		210,000	-	-	-	210,000	4,654	4,673	19	0.26	0.25	0.05
Archroma Pakistan Limited		165,480	151,500	-	-	316,980	94,796	85,514	(9,282)	4.74	4.66	0.93
BIAFO Industries Limited		-	325,000	-	50,000	275,000	27,500	26,642	(858)	1.48	1.45	1.38
Dynea Pakistan Limited (Face value of Rs.5 each)		895,233	-	-	-	895,233	34,735	34,126	(609)	1.89	1.86	4.74
Engro Polymer & Chemicals Limited		182,000	250,000	-	-	432,000	5,526	5,793	267	0.32	0.32	0.07
Engro Corporation Limited		1,100,500	200,000	-	1,100,500	200,000	32,788	31,677	(1,111)	1.76	1.73	0.04
Engro Fertilizers Limited	4.1.1	-	719,000	-	-	719,000	20,319	20,319	-	1.13	1.11	0.06
Fatima Fertilizer Company Limited		-	1,342,500	-	110,000	1,232,500	33,716	35,200	1,484	1.95	1.92	0.06
Ghani Gases Limited		6,900	-	172	-	7,072	172	203	31	0.01	0.01	0.01
Nimir Industries Chemicals Limited (Face value of Rs.5 each)		-	321,000	-	-	321,000	1,739	2,395	656	0.13	0.13	0.15
Sitara Peroxide Limited		-	461,000	-	461,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited		1,000,000	15,000	-	-	1,015,000	7,737	7,450	(287)	0.41	0.41	0.07
							263,682	253,992	(9,690)			
Forestry (Paper and Board)												
Century Paper and Board Mills Limited		885	100,000	15,132	-	116,017	3,973	6,525	2,552	0.36	0.36	0.10
							3,973	6,525	2,552			
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	17,977	(491)	1.00	0.98	0.24
International Industries Limited		449,500	-	-	-	449,500	20,277	20,843	566	1.16	1.14	0.37
Huffaz Seamless Pipe Industries Limited		428,745	-	-	-	428,745	9,437	9,887	450	0.55	0.54	0.77
							48,182	48,707	525			
Construction and Materials												
Akzo Nobel Pakistan Limited		-	49,500	-	-	49,500	4,020	6,172	2,152	0.34	0.34	0.11
Dewan Cement Limited		1,245,500	4,291,500	-	-	5,537,000	34,201	38,538	4,337	2.14	2.10	1.42
D.G Khan Cement Company Limited		-	939,000	-	119,500	819,500	68,240	70,256	2,016	3.90	3.83	0.19
Shabbir Tiles & Ceramics Limited (Face value Rs.5 each)		257,793	-	12,889	-	270,682	2,526	2,409	(117)	0.13	0.13	0.18
							108,987	117,375	8,388			
General Industrials												
Cherat Packaging Limited.		61,499	-	-	-	61,499	2,368	2,940	572	0.16	0.16	0.22
Macpac Films Limited		213,629	57,500	-	-	271,129	5,970	5,743	(227)	0.32	0.31	0.70
Merit Packaging Limited		454,195	-	1,156,462	300,000	1,310,657	14,730	23,199	8,469	1.29	1.27	3.25
Siemens Pakistan Engineering Company Limited		12,500	-	-	12,500	-	-	-	-	-	-	-
Thal Limited (Face value Rs 5 each)		522,557	32,400	-	554,957	-	-	-	-	-	-	-
							23,068	31,882	8,814			
Electronic and Electric goods												
Pakistan Cables Limited		-	78,500	-	-	78,500	6,219	6,947	728	0.39	0.38	0.28
							6,219	6,947	728			

Name of the Investee company	Note	---------- Number of shares ----------					Balance as at December 31, 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 ----------					
Engineering												
K.S.B. Pumps Company Limited		250,000	-	-	32,000	218,000	18,290	19,696	1,406	1.09	1.07	1.65
							18,290	19,696	1,406			
Industrial Transportation												
Pakistan International Bulk Terminal Limited		65,000	3,369	-	-	68,369	713	1,276	563	0.07	0.07	0.13
Pakistan National Shipping Corporation		198,808	-	-	-	198,808	9,145	16,726	7,581	0.93	0.91	0.15
							9,858	18,002	8,144			
Technology Hardware and Equipment						-						
TPL Trakker Limited		8,299,000	1,413,500	-	-	9,712,500	79,021	72,164	(6,857)	4.00	3.94	4.47
							79,021	72,164	(6,857)			
Support Services						-						
TRG Pakistan Limited		16,411,060	-	-	-	16,411,060	167,229	145,566	(21,663)	8.07	7.94	4.26
							167,229	145,566	(21,663)			
Automobile and Parts												
Atlas Battery Limited		13,664	-	2,732	-	16,396	4,626	6,394	1,768	0.35	0.35	0.09
Atlas Honda Limited		145,151	-	-	-	145,151	26,293	38,064	11,771	2.11	2.08	0.14
Exide Pakistan Limited		39,510	-	3,951	-	43,461	17,771	16,580	(1,191)	0.92	0.90	0.56
General Tyre & Rubber Co. of Pakistan Limited		152,892	-	-	-	152,892	6,452	8,061	1,609	0.45	0.44	0.26
Honda Atlas Cars (Pakistan) Limited		10,000	-	-	-	10,000	437	420	(17)	0.02	0.02	0.01
							55,579	69,519	13,940			
Beverages												
Murree Brewery Company Limited		183,901	10,800	-	183,901	10,800	3,991	4,320	329	0.24	0.24	0.05
							3,991	4,320	329			
Food Producers												
Colony Sugar Mills Limited		401,000	-	-	-	401,000	2,502	4,375	1,873	0.24	0.24	0.40
Habib - ADM Limited (Face value of Rs.5 each)		74,889	-	-	-	74,889	1,863	2,105	242	0.12	0.11	0.19
JDW Sugar Mills Limited		11,573	-	-	-	11,573	1,250	2,352	1,102	0.13	0.13	0.02
Noon Pakistan Limited		31,689	501	-	32,190	-	-	-	-	-	-	-
Noon Sugar Mills Limited		1,002,091	87,500	-	-	1,089,591	27,169	30,846	3,677	1.71	1.68	6.60
Punjab Oil Mills Limited		99,000	-	-	-	99,000	6,287	8,732	2,445	0.48	0.48	1.84
Quice Foods Limited		-	729,500	-	-	729,500	5,524	5,355	(169)	0.30	0.29	1.40
Shahtaj Sugar Mills Limited		24,537	-	-	-	24,537	2,012	2,035	23	0.11	0.11	0.20
Shakarganj Mills Limited		2,617,002	1,371,500	-	65,000	3,923,502	81,993	79,137	(2,856)	4.39	4.32	5.64
Kohinoor Sugar Mills Limited		209,500	-	-	209,500	-	-	-	-	-	-	-
National Foods Limited		-	9,900	-	9,900	-	-	-	-	-	-	-
Tandlianwala Sugar Mills Limited		5,356	-	-	-	5,356	482	407	(75)	0.02	0.02	-
							129,082	135,344	6,262			
Personal goods (textile)												
Crescent Cotton Mills Limited		-	400,000	-	-	400,000	18,400	20,200	1,800	1.12	1.10	1.87
Crescent Fibres Limited		42,000	-	-	-	42,000	1,315	1,695	380	0.09	0.09	0.34
Dawood Lawrencepur Limited		43,159	-	-	-	43,159	2,590	3,623	1,033	0.20	0.20	0.07
Fazal Cloth Mills Limited		10,339	-	2,067	-	12,406	954	2,129	1,175	0.12	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	248	(48)	0.01	0.01	0.04
Din Textile Mills Limited		545,209	-	54,520	545,000	54,729	3,035	6,517	3,482	0.36	0.36	0.24
Ellcot Spinning Mills Limited		875,554	-	-	-	875,554	56,815	91,066	34,251	5.05	4.97	8.00
Fazal Textile Mills Limited		600	22,200	-	-	22,800	9,299	9,291	(8)	0.52	0.51	0.37
Ishaq Textile Mills Limited		6,500	-	-	-	6,500	106	190	84	0.01	0.01	0.07

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 December 31, 2013: Carrying cost	Balance as at December 31, 2013: Market value	Balance as at December 31, 2013: Appreciation / (diminution)	Percentage in relation to: Market value as percentage of investments	Percentage in relation to: Market value as percentage of net assets	Percentage in relation to: Investee paid up capital
							---------- Rupees in '000 ----------					
Island Textile Mills Limited		38,300	3,250	-	-	41,550	25,732	47,170	21,438	2.62	2.57	8.31
Masood Textile Mills Limited		469,170	-	-	469,170	-	-	-	-	-	-	-
Prosperity Weaving Mills Limited		84,591	-	-	-	84,591	2,659	4,617	1,958	0.26	0.25	0.46
Saif Textile Mills Limited		181,500	-	-	-	181,500	4,427	7,211	2,784	0.40	0.39	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	29,018	15,110	1.61	1.58	0.44
ZIL Limited		118,135	-	-	-	118,135	12,490	13,467	977	0.75	0.73	2.22
							152,034	236,456	84,422			
Fixed Line Telecommunication												
PAK Datacom Limited		654,031	-	-	-	654,031	48,078	45,468	(2,610)	2.52	2.48	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	11,819	54	0.66	0.64	0.76
Wateen Telecom Limited		1,000,000	-	-	-	1,000,000	4,310	4,510	200	0.25	0.25	0.16
WorldCall Telecom Limited		2,000,000	752,000	-	-	2,752,000	7,880	6,825	(1,055)	0.38	0.37	0.32
							72,033	68,622	(3,411)			
Electricity												
Kohinoor Energy Limited		1,462,750	-	-	1,462,750	-	-	-	-	-	-	-
Sitara Energy Limited		263,151	-	-	-	263,151	8,342	9,371	1,029	0.52	0.51	1.38
							8,342	9,371	1,029			
Multiutilities (Gas and Water)												
Sui Northern Gas Pipelines Limited		143,550	1,498,000	-	824,500	817,050	17,702	17,403	(299)	0.97	0.95	0.14
Sui Southern Gas Company Limited	4.1.2	4,362,240	2,584,760	-	6,101,500	845,500	20,866	20,343	(523)	1.13	1.11	0.10
							38,568	37,746	(822)			
Commercial Banks												
Askari Bank Limited		219,221	250,000	120,571	-	589,792	7,666	8,257	591	0.46	0.45	0.05
Summit Bank Limited		7,762,159	-	-	-	7,762,159	18,008	16,689	(1,319)	0.93	0.91	0.72
Bank Al-Habib Limited		200,000	500,000	-	227,500	472,500	14,471	19,632	5,161	1.09	1.07	0.05
Bank Al-Falah Limited		1,086,500	2,000,000	-	1,700,000	1,386,500	28,300	37,492	9,192	2.08	2.04	0.10
BankIslami Pakistan Limited		850,000	1,469,500	-	1,519,500	800,000	5,420	5,552	132	0.31	0.30	0.15
Habib Bank Limited		283,490	10	-	83,500	200,000	23,848	33,326	9,478	1.85	1.82	0.01
Habib Metropolitan Bank Limited		513,382	-	-		513,382	8,912	12,870	3,958	0.71	0.70	0.05
NIB Bank Limited		4,372,955	-	-		4,372,955	10,145	10,233	88	0.57	0.56	0.04
							116,770	144,051	27,281			
Non Life Insurance												
Askari General Insurance Company Limited		526,000	-	-	-	526,000	9,994	10,257	263	0.57	0.56	1.35
Century Insurance Company Limited		451,312	-	-	-	451,312	6,359	7,316	957	0.41	0.40	0.99
Habib Insurance Company Limited		249,000	-	-	-	249,000	3,175	3,772	597	0.21	0.21	0.25
Premier Insurance Limited (Face value of Rs.5 each)		3,210,889	-	-	-	3,210,889	25,558	23,857	(1,701)	1.32	1.30	5.30
TPL Direct Insurance Company Limited		239,500	-	-	-	239,500	2,247	2,383	136	0.13	0.13	0.52
							47,333	47,585	252			
Financial Services												
First Capital Securities Corporation Limited		317,605	-	-	-	317,605	1,267	921	(346)	0.05	0.05	0.10
							1,267	921	(346)			
Health Care Equipment and Services												
Shifa International Hospitals Limited		355,500	92,000	-	201,500	246,000	12,232	32,123	19,891	1.78	1.75	0.49
							12,232	32,123	19,891			

Name of the Investee company	Note	Number of shares					Balance as at December 31, 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					
Pharma and Bio Tech												
Glaxosmithkline (Pakistan) Limited		-	196,000	-	196,000	-	-	-	-	-	-	-
Wyeth Pakistan Limited		23,329	1,500	-	24,829	-	-	-	-	-	-	-
							-	-	-			
Travel and leisure												
Pakistan Services Limited		-	13,200	-	-	13,200	3,638	3,762	124	0.21	0.21	0.04
							3,638	3,762	124			
Impaired equity securities												
FINANCIAL SERVICES												
Security Leasing Corporation Limited (9.1% Preference Shares)		1,489	-	-	-	1,489	2	2	-	0.00	0.00	0.01
							2	2	-			
Total listed equity securities as at December 31, 2013							**1,662,713**	**1,799,645**	**136,932**			
Total listed equity securities as at June 30, 2013							**1,137,314**	**1,606,185**	**468,871**			

4.1.1 During the current period, the Company paid Rs.20.319 million for subscription of 719,000 Ordinary shares at Rs.28.26 per share of Engro Fertilizers Limited as divested by Engro Corporation Limited. The said shares are in the process of being transferred in CDC account of the Company.

4.1.2 During the year 2013, the Company has filed a petition with the Honourable High Court of Sindh (the court) against Sui Southern Gas Company Limited (SSGCL), Oil and Gas Regulatory Authority (OGRA) and the Federation of Pakistan to direct OGRA to implement and enforce the tariff proposal dated October 15, 2005 which required a guaranteed return to the SSGCL. Further, it is prayed that the court may award any and all relief to the petitioners as it deem fit.

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

Name of the investee company	Note	Number of shares: Opening balance	Purchases during the period	Bonus / rights issue	Sales during the period	Closing balance	Balance as at December 31, 2013: Carrying Cost	Market value	Appreciation / (diminution)	Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation investee paid-up capital
							(Rupees in '000)					
Financial services												
Security Leasing Corporation Limited (9.1% Preference shares)	4.2.1	1,000,000	-	-	-	1,000,000	10,166	-	-	-	-	-
Less: Impairment							(6,871)					
							3,295	3,295	-	0.18	0.18	2.10
General industrials												
Siemens Engineering (Pakistan) Limited		12,500	-	-	12,500	-	-	-	-	-	-	-
Total listed equity securities as at December 31, 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 was Rs.5.44, which was 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 was 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	(Un-audited) December 31, 2013	(Audited) June 30, 2013
		--------- (Rupees in '000) ---------	
4.3 Unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net			
Market value of securities	4.1	**1,799,645**	1,606,185
Less: Carrying value of securities	4.1	**1,662,713**	1,137,314
		136,932	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: Carrying value 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: Carrying value 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. ADVANCE AGAINST SHARE SUBSCRIPTION

The amount of Rs.64.975 million represents unsuccessful subscription (made in IPO) of 2,300,000 ordinary shares of Engro Fertilizers Limited at Rs.28.25 per share. The Company received the amount subsequent to the period end.

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 may be construed 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 Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to retain and continue to make the provision for WWF which amounted to Rs.35.857 million (including Rs.8.164 million pertaining to the current period) (June 30, 2013: Rs.27.693 million) at the period end. Had the provision not been made, the net asset value per share of the Company would be higher by Re.0.236 (1.96%) per share [June 30, 2013: Re.0.182 (3.64%) per share] and the net income for the period would have increased by Re.0.05 per share.

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2013.

8. 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 11A of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

9. 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 Dhedi Securities (Private) Limited, AKD Securities Limited, other collective schemes managed by the Management Company, directors and officers of the Management Company, directors of the Company and their connected persons.

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

	Half year ended December 31,	
	2013	2012
9.1 Transactions during the period	-------- (Rupees in '000) --------	
AKD Investment Management Limited - Management Company		
Remuneration to Management Company	**17,058**	12,250
Cash dividend paid @ 22% i.e. Rs.1.10 per share (2012: 24% i.e. Rs.1.20 per share)	**38,407**	33,018
AKD Securities Limited - Group Company		
Sale of shares of various companies	**10,432**	14,039
Purchase of shares of various companies	**99,728**	91,075
Brokerage	**138**	161
Cash dividend paid @ 22% i.e. Rs.1.10 per share (2012: 24% i.e. Rs.1.20 per share)	**3**	14,763
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (2012: 24% i.e. Rs.1.20 per share)	**2,302**	2,511
AKD Investment Management Limited - Staff Provident Fund		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (2012: 24% i.e. Rs.1.20 per share)	**661**	721

	Half year ended December 31, 2013	Half year ended December 31, 2012
	-------- (Rupees in '000) --------	
Directors of the Company		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (2012: 24% i.e. Rs.1.20 per share)	**7,348**	80
Key Management Personnel of the Company		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (2012: 24% i.e. Rs.1.20 per share)	**11**	72
AKD Opportunity Fund - Common Management Company		
Purchase of shares	**5,248**	13,486
AKD Index Tracker Fund - Common Management Company		
Purchase of shares	**63**	-
Miss. Ayesha Aqeel - close relative of Aqeel Karim Dhedhi		
Purchase of shares of BIAFO Industries Limited by the Company	**15,000**	-
Ms. Yasmeen Dhedhi - close relative of Aqeel Karim Dhedhi		
Purchase of shares of BIAFO Industries Limited by the Company	**17,500**	-
Sale of shares of BIAFO Industries Limited by the Company	**5,000**	-
PAK Datacom Limited - Common Directorship		
Dividend received during the period	**1,962**	2,580
BIAFO Industries Limited - Common Directorship		
Purchase of shares from related parties	**32,500**	-
Sale of shares to related parties	**5,000**	-
Dividend received during the period	**1,650**	-
Central Depository Company of Pakistan Limited - Custodian		
Fee charged during the year (including transaction charges)	**706**	590
Oil & Gas Investment Limited - Group Company		
Cash dividend paid @ 22% i.e. Rs.1.10 per share (2012: 24% i.e. Rs.1.20 per share)	**2,420**	2,640

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
9.2 Transactions outstanding at the period / year end	-------- (Rupees in '000) --------	
AKD Investment Management Limited - Management Company		
Remuneration payable	**2,993**	2,722
Sales Tax Provincial on Management Remuneration	**555**	477
Federal Excise Duty on Management Remuneration	**2,989**	260
Shares in issue (number of shares: December 31, 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 (number of shares: December 31, 2013: 2,092,812; June 30, 2013: 2,092,812)	**10,464**	10,464

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	-------- (Rupees in '000)	--------
AKD Securities Limited - Group Company		
Shares in issue (number of shares: December 31, 2013: 2,889; June 30, 2013: 2,889)	**14**	14
Brokerage payable	**8**	111
AKD Investment Management Limited - Staff Provident Fund		
Shares in issue (number 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 (number of shares: December 31, 2013: 6,729,861; June 30, 2013: 6,679,861)	**33,649**	33,399
Key Management Personnel of the Company		
Shares of the Company held (number of shares: December 31, 2013: 10,000; June 30, 2013: 10,000)	**50**	50
Central Depository Company of Pakistan Limited - Custodian		
Fee payable	**119**	88
AKD Aggressive Income Fund - Common Management Company		
Receivable against sale of investment	**-**	3,712
AKD Index Tracker Fund - Common Management Company		
Payable against purchase of investment	**63**	-
PAK Datacom Limited - Common Directorship		
Shares held by the Company (number of shares: December 31, 2013: 654,031; June 30, 2013: 654,031)	**45,468**	48,078
BIAFO Industries Limited - Common Directorship		
Shares held by the Company (number of shares: December 31, 2013: 275,000; June 30, 2013: Nil)	**26,642**	-

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values as these financial assets and liabilities are short term in nature.

The Fund classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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

An analysis of the Fund's financial assets into relevant groupings is tabulated below:

	December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	---------- (Rupees in '000) ----------			
Investments				
Financial assets at fair value through profit or loss	**1,799,643**	**-**	**2**	**1,799,645**
Available-for-sale	**-**	**-**	**3,295**	**3,295**
	1,799,643	**-**	**3,297**	**1,802,940**

	June 30, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	---------- (Rupees in '000) ----------			
Investments				
Financial assets at fair value through profit or loss	1,606,183	-	2	1,606,185
Available-for-sale	8,140	-	3,295	11,435
	1,614,323	-	3,297	1,617,620

During the half year ended December 31, 2013, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

11. SUBSEQUENT EVENT

The Board of Directors of the Company in their meeting held on January 31, 2014 have declared an interim dividend at the rate of 44% i.e. Rs.2.2 per share (December 31, 2012: 20% i.e. Re.1 per share). These condensed interim financial statements of the Company for the period ended December 31, 2013 do not include the effect of the dividend which will be accounted for in the financial statements of the Company subsequent to the period end.

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 31, 2014 by the Board of Directors of the Company.

13. GENERAL

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

13.2 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.

13.3 Figures for the quarter ended December 31, 2013 and the corresponding figures for the quarter ended December 31, 2012 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

AKD Investment
Management Ltd.

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 Website : www.akdinvestment.com