Golden Arrow
SELECTED STOCKS FUND LIMITED

Half Yearly Report December 31, 2016 (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. Javaid Bashir Sheikh

DIRECTOR & CHIEF EXECUTIVE OFFICER
Mr. Imran Motiwala*

DIRECTORS
Ms. Anum Dhedhi
Mr. Aurangzeb Ali Naqvi
Mr. Muhammad Siddiq Khokhar
Mr. Abdul Karim Memon
Mr. Muzammil Abdul Karim

AUDIT COMMITTEE
Mr. Muhammad Siddiq Khokhar (Chairman)
Mr. Abdul Karim Memon (Member)
Mr. Aurangzeb Ali Naqvi (Member)
Ms. Noureen Nadir Ali (Secretary)

CHIEF FINANCIAL OFFICER
Mr. Muhammad Munir Abdullah

COMPANY SECRETARY
Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT AND RISK MANAGEMENT
Ms. Noureen Nadir Ali

HEAD OF COMPLIANCE
Mr. Rashid Ahmed

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

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

AUDITORS
Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharah-e-Faisal
Karachi-75350, Pakistan.

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.
407-408, Al Ameera Centre,
Shahrah-e-Iraq, Saddar, Karachi.
Tel: 021-35662023-24

RATING - GASSFL
PACRA: MFR 4-Star (5-year period)
PACRA: MFR 4-Star (3-year period)
PACRA: MFR 4-Star (1-year period)

RATING-MANAGEMENT COMPANY
PACRA: AM3+ (AM Three Plus)

*CEO Approval Pending from the 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 account for the first half of fiscal year 2017 (1HFY'17), ended December 31, 2016.

The Fiscal year 2017 started with renewed optimism in Pakistani equities on the back of expected stability in international oil prices, successful completion of IMF program, reclassification of Pakistan in to emerging market index by Morgan Stanley Capital International (MSCI) index and massive investment prospects from China Pakistan Economic Corridor (CPEC). Major developments during the year reinforced these positive events leading to an all-time high index level of 47,807 points as of Dec'16.

KSE-100 index recorded a phenomenal return of 27% in 1HFY'17 against -4.6% in 1HFY'16. Comparatively MSCI Frontier/Emerging Markets Index recorded a return of 5.01%/4.49% in 1HFY'17, translating to an excess return of 22%, while the Pakistani rupee remained stable during the period under review.

Going forward we expect the KSE-100 index to cross the major psychological barrier of 50,000 points on the back of passive foreign inflows from MSCI reclassification, diversion of local investment from real estate to equity markets and further clarity on the progress of CPEC projects.

That said, on the economic front the Current Account Deficit (CAD) has deteriorated posting an increase in CA deficit of 92% YoY mainly due to poor export performance coupled with declining remittances and rising machinery and equipment imports due to CPEC projects. Any further deterioration on the Current Account Deficit front may hamper the Government's (GoP) ability to make external repayments that will resume in 1HFY18.

Fund's Financial Performance

For 1HFY'17, the return of the Golden Arrow Selected Stocks Fund was 45.14% compared to the KSE-100 Index return of 26.53%, thus significantly outperforming KSE-100 index benchmark by over 1.7x

Dividend

The Board of Directors of Golden Arrow Selected Stocks Fund Limited has approved an interim cash dividend of Rs1.10/share for the half year ended December 31, 2016 in the meeting held on February 17, 2017.

Macro Perspective

The major macroeconomic indicators continued their positive trend in 1HFY17, on the back of subdued inflation, stable exchange rate and adequate foreign reserves. Moreover, Foreign Direct Iinvestment (FDI) from CPEC and up gradation of Pakistan market from MSCI Frontier Markets (FM) index to MSCI Emerging Market (EM) index is expected to further improve the stance of Pakistan in global market.

CPI inflation during 1HFY17 clocked in 3.88%YoY as compared to 2.08%YoY for the corresponding period last year. The major uptick in inflation came from Housing, Water, Electricity, Gas and Fuels followed by Food and Non-Alcoholic beverages, both having 37% and 29% weightage in the CPI basket respectively. Moreover GoP absorbed some of the impact of higher oil prices, thus keeping prices lower than expectations. Throughout 1HFY17, inflation remained within the target range of 4.5%-5.5% and as a result the State Bank of Pakistan (SBP) kept its policy rate unchanged at 5.75 percent in the two consecutive monetary policy announcements in September and November.

Commodity prices showed significant increase particularly in the 2QFY17, mainly on the back of rising oil prices. OPEC held its meeting in Vienna on 30th November where it was decided that both OPEC and non OPEC countries will curtail their oil production by 1.8 million barrels per day. As a consequence oil prices rebounded to around USD 50 per barrel. It is expected that oil prices will continue to be within the range of USD 52-55 in the near future.

While relatively lower oil and commodity prices have benefited consumers in 1HFY17, it also had an adverse impact on commodity-producing sectors of the economy: for example, lower product prices have hit farmer incomes and affected cropping decisions. In addition corporate profits also have been affected due to inventory losses caused by depressed commodity prices in 1QFY17. During 2QFY17 commodity prices showed improvement, which provided some relief.

Going forward, it is expected that inflation will start picking up on the back of surge in oil prices, however we believe it will remain in the SBP target range of average CPI between 4.5 and 5.5 percent for the fiscal year 2016/2017 due to still oversupplied commodities in international market.

The State Bank of Pakistan (SBP) reported the Current Account Deficit of USD 3.58 bn in 1HFY17, registering a 92% YoY increase. This is due to the tepid remittances in 1HFY17 (-2.4% YoY) from the GCC region and increase in trade deficit (+15.6% YoY). The trade balance has deteriorated on the back of falling exports (-2.3% YoY), to USD 10.53 bn in 1HFY17and a rise in imports (+8% YoY) to reach US$ 21.34 bn in the 1HFY17 mainly in the form of machinery imports for CPEC and development. It is expected that Current Account Deficit will worsen due to possible rebound in oil prices, continuing increase in machinery imports and weak remittance outlook.

The total liquid foreign exchange reserves of Pakistan reached USD 23.163 billion by the end of 1HFY17, from previous level of USD 20.812 billion by the end of 1HFY16. During 1HFY17, International Monetary Fund (IMF) released the final 12th tranche of USD 102 million under the Extended Fund Facility; to recap IMF had approved the three-year extended financing arrangement of approximately USD 6.64 billion for Pakistan. The IMF program came to an end in the 2QFY17 and going forward we expect some pressure on the reserves as external repayments (cumulative USD 1.5 bn - 1.75 bn) under Eurobond, Paris Club and China SAFE debt retirement to begin in June'17. However, the Government is confident to maintain the foreign reserves level in future with expected import cover of 6.6 months in FY17.

On the fiscal front, FBR faced a shortfall of PKR 155 bn in tax collection in the 1HFY17. FBR has provisionally collected PKR 1,460 bn against the target of PKR 1,615 bn for the six month. The Government has set the target of tax collection to PKR 3.62tn for FY17, which is ambitious in our view. It is expected that Government will face challenges in the tax collection post IMF period. Furthermore, the tax collection is affecting the budget deficit (target of 3.8% of GDP for FY17) due to lower than expected tax revenue along with decline in non-tax revenue.

The fiscal expenditure was recorded at PKR 1,300 bn in the 1QFY17 against revenues of PKR 862.2 bn, leading to a deficit of PKR 437 bn (1.3% of GDP). However, the Government is focusing on the introduction and implementation of robust and stringent measures in economy to improve revenue collection in the future.

In this regard, the National Assembly in December, approved a mega tax amnesty scheme for real estate sector that would approve whitening of black money invested in the sector by paying only three per cent tax.The impact of the amnesty scheme remains to be seen.

Equity market Review

1QFY17 has been a record-breaking period for the KSE-100 index, which crossed 40,000 psychological barrier and closed at 40,542 points, posting a return of 7.3% in 1QFY'17. During the subsequent quarter, the index smashed all previous performance records and posting a whopping return of 17.92% in 2QFY17. In this regard the overall index level increased by 27% in 1HFY'17.

The performance of the index in 1HFY'17 can be mainly attributed to

- Renewed investor confidence due to Morgan Stanley Capital International (MSCI)'s re-classification of Pakistan in to Emerging Market Index.
- Oil price stability, as OPEC producers agreed to its first oil output cut in 8 years.
- Sales uptick in Pakistan auto sector, on the back of renewed consumer spending and rise in consumer financing.
- Country's successful completion of IMF program.
- Positive developments on CPEC projects, which are expected to reduce the power shortage and revitalize the economy.
- S&P raising Pakistan's sovereign credit rating to B from B-.

- Expectations of a substantial Export/Textile package to boost exports.
- 40% stake sale in the management of PSX, a consortium consisting of China Futures Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange, Pak-China Investment Company (PCIC), and Habib Bank Ltd. (HBL) submitted the highest bid of PkR 28/share for the 40% strategic stake.
- FBR's Revaluation of properties and regularization of real estate sector to increase tax net, as many investors switched from real estate to equity markets.

Future Outlook

We believe that market has incorporated many positives of expected inflows triggered by MSCI re-rating, CPEC and Expected export package. However at the current level PSX still has some room to grow as the current market P/E of 11x is still lower then MSCI EM P/E of 13x.

Apart from the P/E ratio, another ratio that makes us bullish on PSX is the market cap to GDP ratio. The current market cap to GDP is 30%, which shows that the market is substantially below its historical peakof 49% in CY07.

Furthermore, in September Pakistan became signatory of "Multilateral Convention on Mutual Administrative Assistance in Tax Matters", a framework created by OECD. The Convention is the most powerful instrument for international tax cooperation. It provides for all forms of administrative assistance in tax matters: exchange of information on request, spontaneous exchange, automatic exchange, tax examinations abroad, simultaneous tax examinations and assistance in tax collection. It guarantees extensive safeguards for the protection of taxpayers' rights.

By becoming a signatory of the convention, Pakistan has sent a strong signal of its intention to curb offshore tax evasion and avoidance. The benefit of such a step will be two folds, first it will help increase the tax net and secondly, it might trigger another wave of liquidity in local equity markets.

In addition to foreign portfolio investments we believe many strategic investments (apart from CPEC related investments), similar to RFC of Netherlands acquiring Engro Foods and Shanghai Electric's management takeover of K-Electric, are going to be the prime drivers of growth in the coming years.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: February 17, 2017

ڈائریکٹرز رپورٹ:

گولڈن ایرو سلیکٹڈ اسٹاک فنڈ(GASSFL) کے بورڈ آف ڈائریکٹرز، 31دسمبر 2016 کوختم ہونے والے مالی سال کی عبوری اکاؤنٹ کی رپورٹ کے ساتھ ساتھ مالی سال2017(1HFY'17) کے پہلی ششماہی کے فنڈ کی بابت رپورٹ پیش کرنے پرمسرت محسوس کررہے ہیں۔

تیل کی عالمی مارکیٹ میں استحکام، IMF کے پروگرام کی کامیابی سے تکمیل مورگن اسٹینلے کیپیٹل انٹرنیشنل انڈیکس میں پاکستان کی ازسرنو درجہ بندی اورچین کی چائنا پاکستان اقتصادی راہداری میں(CPEC) میں بڑے پیمانے پرسرمایہ کاری کے باعث مالی سال 2017 میں پاکستانی ایکوئیٹیز کا آغاز نئے جذبے سے ہوا ہے۔سال کے دوران ہونے والی بڑی پیشرفتوں نے ان مثبت واقعات کوتقویت دی جوکہ دسمبر 16 میں انڈیکس کی 47,807 کی بلندترین سطح کی صورت میں ظاہر ہوا۔

KSE-100 انڈیکس میں1HFY'16 ، -4.6% کے مقابلے میں1HFY'17 میں 27% کا غیرمعمولی منافع ریکارڈ کیا گیا۔1HFY'17 میں MSCI Frontier/Emerging Market انڈیکس میں 5.01%/4.49% کا منافع ریکارڈ کیا گیا جوکہ 22% کا اضافی منافع کی صورت میں ظاہر ہوا جبکہ زیرنظر دورانیہ میں پاکستانی روپے میں استحکام برقرار رہا۔ MSCI کی ازسرنو درجہ بندی کے نتیجہ میں بیرونی سرمایہ کاری کے باعث ہم توقع کرتے ہیں کہ KSE انڈیکس 50,000 نفسیاتی حدعبور کرجائیگا۔جس میں CPEC پروجیکٹ میں پیشرفت کے بارے میں واضح رپورٹیں اورمقامی سرمایہ کاری کی رئیل اسٹیٹ سے ایکوٹی مارکیٹ سے منتقلی نے بھی اہم کرداراداکیا ہے۔

سمجھا جارہا ہے کہ معاشی محاذ پر کرنٹ اکاؤنٹ خسارہ(CAD) نے بگاڑ پیدا کیا ہے جسکے باعث سال بہ سال بنیاد پر کرنٹ اکاؤنٹ نے 92% کا خسارہ نوٹ کیا ہے جسکی بڑی وجہ بری برآمدات، گرتی ہوئی ترسیلات زر CPEC پروجیکٹس کیلئے بڑھتی ہوئی مشینری وآلات کی درآمدات ہیں۔خسارے میں مزید اضافہ 1HFY'18 میں حکومت پاکستان کی بیرونی ادائیگیوں کی صلاحیت کومتاثر کرسکتا ہے۔

فنڈز کی مالی کارکردگی:

1HFY'17 کیلئے گولڈن ایرو سیلیکٹڈ اسٹاک فنڈ کا منافع 45.14% تھا جبکہ KSE-100 انڈکس کا منافع 26.53% تھا یعنی KSE-100 انڈکس کو 1.7 گنا پیچھے چھوڑ دیا۔

منافع منقسمہ:

گولڈن ایرو سلیکٹڈ اسٹاک فنڈ (GASSFL) کے بورڈ آف ڈائریکٹرز نے 17 فروری 2017 کو منقعدہ اجلاس میں 31 دسمبر 2016 کو ختم شدہ سہہ ماہی کے لئے عبوری منافع منقسمہ بحساب 1.10 روپے فی شیئر کی منظوری دی ہے۔

میکرو پرسپیکٹو:

نمایاں بڑے معاشی اشاریوں نے 1HFY'17 میں مثبت رویہ جاری رکھا جسکی وجہ مغلوب افراط زر کی شرح، مستحکم کرنسی کی شرح تبادلہ اور مناسب زرمبادلہ کے ذخائر ہیں۔ مزید براں CPEC کیجانب سے براہ راست غیر ملکی سرمایہ کاری (FDI)، اور پاکستانی مارکیٹ MSCI فرنٹیر مارکیٹس انڈیکس (FM) سے MSCI ایمرجنگ مارکیٹ انڈیکس (EM) اپ گریڈیشن سے عالمی مارکیٹ میں پاکستان کی پوزیشن میں مزید بہتری کے امکانات پیدا ہوگئے ہیں۔

CPI افراطِ زر کی شرح سال بہ سال کی بنیاد پر گزشتہ سال کی اسی دورانیہ کیلئے 2.08% کے مقابلے میں 1HFY'17 کے دوران 3.88% تک جا پہنچی۔ نمایاں اضافہ ہاؤسنگ، بجلی، گیس اور ایندھن کے علاوہ اشیاء خوردونوش اور نان الکوالحک مشروبات کے باعث آیا جسکا CPI میں بالترتیب 37% اور 29% حصہ ہے۔ حکومت پاکستان نے تیل کی قیمتوں کے اضافے کے کچھ اثرات خود برداشت کئے جسکے نتیجے میں قیمتیں توقعات سے نیچے رہیں, 1HFY'17 کے دوران افراطِ زر کی شرح 4.5%-5.5% کے درمیان رہی جسکے نتیجہ میں اسٹیٹ بینک پاکستان نے متواتر ستمبر اور نومبر میں شرح سود 5.75% پر برقرار رکھا۔ اجناس کی قیمتوں میں 2QFY'17 میں نمایاں اضافہ دیکھنے میں آیا جسکی بنیادی وجہ تیل کی قیمتوں کا بڑھنا تھا۔ 30 نومبر کو ویانا میں ہونے والے اوپیک (OPEC) کی منعقدہ میٹنگ میں فیصلہ کیا گیا کہ اوپیک اور دوسرے تیل پیدا کرنے والے ممالک روزانہ کی بنیاد پر اپنی پیداوار میں 1.8 ملین بیرل کی کمی کریں گے۔ نتیجتاً تیل کی قیمتیں دوبارہ 50 ڈالر فی بیرل پر پہنچ گئیں۔ اُمید ہے کہ مستقل قریب میں تیل کی قیمت 55-52 ڈالر فی بیرل پر پہنچ جائیں گی۔

تیل اور اجناس کی کم قیمتوں نے 1HFY'17 میں صارفین کو فائدہ پہنچایا تو دوسری طرف اجناس پیدا کرنے والے طبقوں کو فصلوں کی قیمتوں کی غیر یقینی صورتحال کے باعث اور فصلوں کی قیمتوں میں گراوٹ کی وجہ سے کسانوں کی آمدنیوں میں شدید منفی اثرات مرتب ہوئے۔ کارپوریٹ سیکٹر کو بھی 1QFY'17 میں قیمتوں میں گراوٹ کے باعث انونٹری میں کمی کی وجہ سے منافع میں کمی کا سامنا کرنا پڑا۔ 2QFY'17 کے دوران اجناس کی قیمتوں میں بہتری کے باعث کچھ مثبت رجحان دیکھنے میں آ رہا ہے۔

آئندہ کیلئے یہ توقع ہے کہ 2016/2017 کے مالی سال کیلئے تیل کی قیمتوں میں اضافے کے باعث افراطِ زر کی شرح میں اضافہ ہوگا۔لیکن ہم سمجھتے ہیں کہ عالمی مارکیٹ میں اجناس کی ڈیمانڈ سے زائد سپلائی کے باعث افراطِ زر کی شرح اسٹیٹ بینک پاکستان (SBP) کی اوسط ٹارگیٹ رینج 4.5 اور 5.5 فیصد میں ہی رہے گی۔

اسٹیٹ بینک پاکستان (SBP) نے 1HFY'17 کیلئے 3.58 بلین ڈالر کا کرنٹ اکاؤنٹ میں خسارے رپورٹ کیا ہے۔جس کا باعث 1HFY'17 میں GCC سے ترسیلات زر (24%۔سال بہ سال) میں کمی اور تجارتی خسارے (15.6%+ سال بہ سال) میں اضافہ ہے۔ 1HFY'17 میں 10.53 بلین ڈالر (2.3% سال بہ سال) کی برآمدات میں کمی اور درآمدات میں 21.34 بلین ڈالر (8%+ سال بہ سال) کا اضافہ جس میں ترقیاتی کاموں اور بالخصوص CPEC کیلئے مشینوں کی درآمدات شامل ہیں، تجارتی خسارے میں بگاڑ پیدا کردیا ہے۔ خدشہ ہے کہ کرنٹ اکاؤنٹ خسارہ ترسیلات زر کی صورتحال، مسلسل مشینوں کی درآمدات اور تیل کی قیمتوں میں اضافہ کے باعث مزید خراب ہوگی۔ پاکستان کا کل لیکوڈ غیرملکی زرمبادلہ 1HFY'16, کے 20.812 بلین ڈالر کے مقابلے میں 1HFY'17 کے اختتام تک 23.163 بلین ڈالر تک پہنچ گیا۔1HFY'17 کے دوران عالمی مالیاتی ادارہ (IMF) نے اضافی فنڈسہولت (Extended Fund Facility) کے تحت 102 ملین ڈالر کی آخری قسط جاری کردی جسکے بعد عالمی مالیاتی ادارے کا تین سالوں پر محیط تقریباً 6.64 بلین ڈالر کی مالی سہولت کی تکمیل ہوگئی۔2QFY'17 میں عالمی مالیاتی ادارے (IMF) کا IMF پروگرام ختم ہوگیا جسکے بعد بیرونی قرضوں کی ادائیگیوں میں (مجموعی طور پر 1.5-1.75 بلین ڈالر) یوروبونڈ، پیرس کلب، جون 2017 میں چائنا کے SAFE قرضوں کی واپسی کے آغاز کے باعث مالی ذخائر پر دباؤ متوقع ہے۔ بہرحال حکومت، FY'17 (مالی سال 2017) میں 6.6 مہینوں میں برآمدات کے باعث بیرونی ذخائر کو برقرار رکھنے کے بارے میں پراعتماد ہے۔

مالی محاذ پر 1HFY'17 میں فیڈرل بورڈ آف ریونیو (FBR) کو ٹیکس جمع کرنے کی مد میں 155 بلین روپے کی کمی کا سامنا ہے۔فیڈرل بورڈ آف ریونیو (FBR) نے گذشتہ چھ ماہ میں 1615 بلین روپے کے ہدف کے مقابلے میں 1460 بلین روپے جمع کئے۔حکومت نے FY'17 (مالی سال 2017) کیلئے ٹیکس محصولات کی مد میں 3.62 ٹریلین روپے کا ہدف مقرر کیا ہے جو ہمارے خیال میں خواہشات پر مبنی ہے۔اس بات کا امکان ہے کہ حکومت کو IMF کی امداد کے بعد ٹیکس کی محصولات میں مشکلات کا سامنا کرنا پڑیگا۔علاوہ ازیں ٹیکس کے محصولات بجٹ کے خسارے (جو کہ مالی سال 2017 میں GDP کا 3.8 فیصد ہے) پر اثر انداز ہورہا ہے جسکی وجہ توقع سے کم قابل ٹیکس آمدنی اور ٹیکس سے مبرا آمدنیوں میں کمی ہے۔

1QFY'17 میں 862.2 بلین روپے کی آمدنی کے مقابلے میں مالی اخراجات 1300 بلین روپے تھا جو کہ 437 بلین (1.3%of GDP) کے خسارے کی صورت میں ظاہر ہوا۔ بہرحال حکومت آمدنی میں اضافہ کیلئے ٹھوس اور یقینی اقدامات کرنے پر اپنی

توجہ مرکوز کر رہی ہے۔

ایکوٹی مارکیٹ کا جائزہ:

1QFY17 PSX-100 انڈیکس کیلئے تاریخ ساز رہا ہے جس نے 40,000 کی نفسیاتی حد عبور کی اور 40542 پوائنٹ پر بند ہوا اس طرح 1QFY'17 میں 7.3% منافع باعث بنا۔ بعد کے سہ ماہی میں انڈیکس نے ماضی کی تمام کارکردگیوں کے پاش پاش کر دیا اور 2QFY'17 میں 17.92% کا قوی الجثہ منافع دیا۔ مجموعی طور پر 1HFY'17 میں انڈیکس میں 27% کا اضافہ ریکارڈ میں آیا۔ 1HFY'17 میں انڈیکس کی کارکردگی درجہ ذیل سے منسوب کی جاسکتی ہے۔

☆ مورگن اسٹینلے کیپیٹل انٹرنیشنل (MSCI'S) پاکستان کی ایمرجنگ مارکیٹ انڈیکس میں ازسرنو درجہ بندی کی وجہ سے سرمایا کاروں اعتماد کا بڑھنا۔

☆ تیل کی قیمتوں میں استحکام، آٹھ سالوں میں اوپیک (OPEC) کا پہلی بار تیل کی پیداوار میں کٹوتی کرنے کا فیصلہ

☆ کنزیومر فنانسنگ میں اضافہ کی وجہ سے کنزیومر اسپینڈ نگ کی حوصلہ افزائی، نتیجتاً آٹو سیکٹر کی سیلز میں اضافہ ہونا۔

☆ ملک کا IMF پروگرام کا کامیابی سے مکمل کرنا۔

☆ CPEC پروجیکٹ میں مثبت پیشرفت جس سے ملک میں بجلی کی کمی کے دور ہونے اور ملک کی معیشیت میں ایک نئے دور کے آغاز کا امکان۔

☆ S&P کا پاکستان کی خودمختاری کی کریڈٹ ریٹنگ B- سے B کرنا۔

☆ برآمدات اور ٹیکسٹائل کیلئے غیر معمولی اقدامات کا امکان۔

☆ ایک کنسورشم، جس میں چائنا فیوچرا یکسچینج۔ شنگھائی اسٹاک ایکسچینج۔ شینزن اسٹاک ایکسچینج۔ پاک چائنا انوسٹمنٹ کمپنی اور حبیب بینک لمیٹیڈ کو PSX کے 40% حصص کی فروخت کی گئی۔ HBL نے 40% اسٹریٹجک شیئر کیلئے بلند ترین بولی پیش کی جسکی مالیت 28 روپے فی شیئر بنتی ہے۔

☆ FBR کا جائیدادوں کی مالیتوں کا ازسرنو جائزہ لینا اور رئیل اسٹیٹ سیکٹر کو ٹیکس کے حصول کیلئے ریگولیرائیز کرنا، کیونکہ متعدد سرمایہ کاروں نے رئیل اسٹیٹ سے ایکوٹی مارکیٹ کا رُخ کیا ہے۔ ہمیں یقین ہے کہ مارکیٹ متعدد مثبت عناصر سے جڑ چکی ہے جسے MSCI کی ازسرنو درجہ بندی CPEC اور متوقع برآمدی پیکج نے متحرک کر دیا۔ ابھی بھی PSX کی موجودہ سطح میں بہتری کی گنجائش ہے کیونکہ موجودہ مارکیٹ کی گیارہ گنا P/E کی MSCIEM P/E 13 گنا P/E سے اب بھی کم ہے۔ P/E تناسب کے علاوہ ایک اور موازنہ جو PSX میں تیزی کے رجحان کا پتہ دیتا ہے وہ مارکیٹ مارکیٹ کیپ (Market Cap) کا GDP سے تناسب ہے۔ موجودہ مارکیٹ

کیپ(Market Cap)، GDP کا 30% ہے جس سے پتہ چلتا ہے کہ مارکیٹ ابھی بھی CYO7 کی تاریخی بلندی سے 49% نیچے ہے جو کہ کافی زیادہ ہے۔

مزید برآں پاکستان، ستمبر میں ملٹی لیٹرل کنونشن برائے میوچل ایڈمنسٹریٹو اسسٹنٹ برائے ٹیکس کا دستخط کنندہ ہوگیا ہے جو کہ OECD کا تشکیل کردہ فریم ورک ہے۔ یہ کنونشن عالمی تعاون برائے ٹیکس کا مظبوط ترین نظام ہے۔ یہ ٹیکس کے معاملات میں تمام اقسام کی انتظامی سہولتیں مہیا کرتا ہے۔ جن میں معلومات کا تبادلہ، موقع پر تبادلہ، خودکار تبادلہ، بیرون ملک ٹیکس کا جائزہ، بیک وقت ٹیکس کا جائزہ اور ٹیکس کی وصولی میں مدد شامل ہیں۔

یہ نظام ٹیکس دینے والوں کے حقوق کو تحفظ دیتا ہے۔ اس کنونشن پر دستخط کنندہ ہونے کے بعد پاکستان نے آف شور کے ذریعہ ٹیکس چوری اور ٹیکس سے بچنے کے خلاف اقدامات اُٹھانے کے حوالے سے واضح پیغام دیا ہے۔ اس قسم کے اقدام سے دہرا فائدہ ہوگا۔ اول یہ کہ اس سے ٹیکس کنندگان میں اضافہ ہوگا دوم یہ کہ اس سے مقامی ایکوٹی مارکیٹ میں سرمایہ کاری کی ایک اور لہر جنم لے سکتی ہے۔ غیر ملکی پورٹ فولیو سرمایہ کاری کی بھی توقع کر رہے ہیں (CPEC سے متعلق سرمایہ کاری کے علاوہ) جو کہ ہالینڈ کی RFC کی اینگرو فوڈ اور شنگھائی الیکٹرک مینجمنٹ کی کے الیکٹرک کو حاصل کرنے جیسی ہوگی اور یہ آنے والے سالوں میں ترقی کیلئے اہم وجہ ہوگی۔

بورڈ کے لیے اور ان کی جانب سے برائے ومنجانب بورڈ

عمران موتی والا

بورڈ کے چیف ایگزیکیوٹیو آفیسر

کراچی، 17 فروری 2017

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.

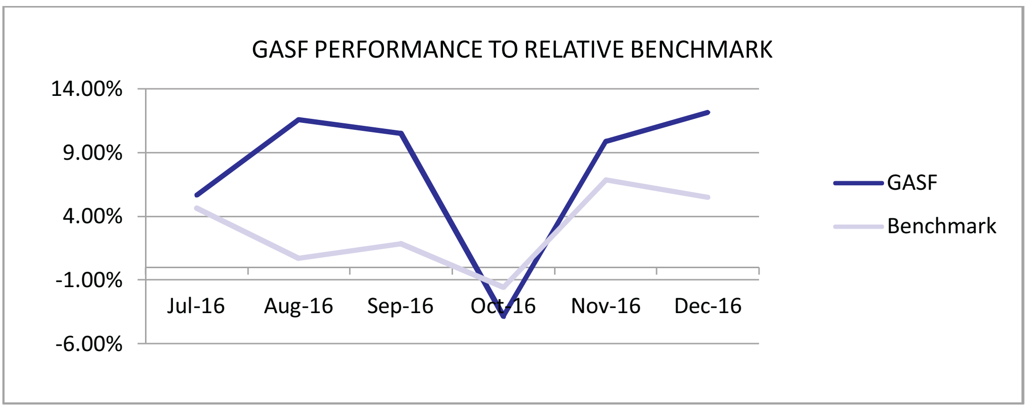
iii) Explanation as to whether Collective Investment Scheme achieved its stated Objective:

For 1HFY17, the return of the Golden Arrow Selected Stocks Fund Limited(GASSFL) was 45.14% compared to the benchmark KSE-100 Index return of 26.53%, thus significantly outperforming KSE-100 index benchmark by over 1.7 times.

Statement of benchmark (s) relevant to the Collective Income Scheme:

KSE - 100 Index

iv) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmark:



Monthly yield	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
GASF	5.68%	11.59%	10.53%	-3.88%	9.91%	5.48%
Benchmark	4.62%	0.71%	1.84%	-1.60%	6.84%	12.16%

v) 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.

vi) Disclosure of Collective Investment Scheme's asset allocation as at the date of report and particulars of significant change in asset allocation since the last report (if applicable):

Asset Allocation (% of Total Assets)	31-Dec-16	30-Sep-16
Equities	95.66%	94.35%
Cash	3.80%	4.97%
Other Assets	0.54%	0.68%

vii) Analysis of the Collective Investment scheme's Performance:

1HFY17 Return	45.14%
Benchmark Return	26.53%

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

Net Asset Value			NAV Per Unit	
31-Dec-16	30-Sep-16	Change	31-Dec-16	30-Sep-16
(Rupees In "000")			Rs.	Rs.
2,136,132	2,234,934	-4.42%	14.04	14.69

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

Economy

The major macroeconomic indicators continued their positive trend in 1HFY17, on the back of subdued inflation, stable exchange rate and adequate foreign reserves. Moreover, Foreign Direct Investment (FDI) from CPEC and up gradation of Pakistan market from MSCI Frontier Markets (FM) index to MSCI Emerging Market (EM) index is expected to further improve the stance of Pakistan in global market.

CPI inflation during 1HFY17 clocked in 3.88% YoY as compared to 2.08% YoY for the corresponding period last year. The major uptick in inflation came from Housing, Water, Electricity, Gas and Fuels followed by Food and Non-Alcoholic beverages, both having 37% and 29% weightage in the CPI basket respectively. Moreover GoP absorbed some of the impact of higher oil prices, thus keeping prices lower than expectations. Throughout 1HFY17, inflation remained within the target range of 4.5%-5.5% and as a result the State Bank of Pakistan (SBP) kept its policy rate unchanged at 5.75 percent in the two consecutive monetary policy announcements in September and November.

Commodity prices showed significant increase particularly in the 2QFY17, mainly on the back of rising oil prices. OPEC held its meeting in Vienna on 30th November where it was decided that both OPEC and non OPEC countries will curtail their oil production by 1.8 million barrels per day. As a consequence, oil prices rebounded to around USD 50 per barrel. It is expected that oil prices will continue to be within the range of USD 52-55 in the near future.

While relatively lower oil and commodity prices have benefited consumers in 1HFY17, it also had an adverse impact on commodity-producing sectors of the economy: for example, lower product prices have hit farmer incomes and affected cropping decisions. In addition corporate profits also have been affected due to inventory losses caused by depressed commodity prices in 1QFY17. During 2QFY17 commodity prices showed improvement, which provided some relief.

Going forward, it is expected that inflation will start picking up on the back of surge in oil prices, however we believe it will remain in the SBP target range of average CPI between 4.5 and 5.5 percent for the fiscal year 2016/2017 due to still oversupplied commodities in international market.

The State Bank of Pakistan (SBP) reported the Current Account Deficit of USD 3.58 bn in 1HFY17, registering a 92% YoY increase. This is due to the tepid remittances in 1HFY17 (-2.4% YoY) from the GCC region and increase in trade deficit (+15.6% YoY). The trade balance has deteriorated on the back of falling exports (-2.3% YoY), to USD 10.53 bn in 1HFY17and a rise in imports (+8% YoY) to reach US$ 21.34 bn in the 1HFY17 mainly in the form of machinery imports for CPEC and development. It is expected that Current Account Deficit will worsen due to possible rebound in oil prices, continuing increase in machinery imports and weak remittance outlook.

The total liquid foreign exchange reserves of Pakistan reached USD 23.163 billion by the end of 1HFY17, from previous level of USD 20.812 billion by the end of 1HFY16. During 1HFY17, International Monetary Fund (IMF) released the final 12th tranche of USD 102 million under the Extended Fund Facility; to recap IMF had approved the three-year extended financing arrangement of approximately USD 6.64 billion for Pakistan. The IMF program came to an end in the 2QFY17 and going forward we expect some pressure on the reserves as external repayments (cumulative USD 1.5 bn - 1.75 bn) under Eurobond, Paris Club and China SAFE debt retirement to begin in June'17. However, the Government is confident to maintain the foreign reserves in future with expected import cover of 6.6 months in FY17.

On the fiscal front, FBR faced a shortfall of PKR 155bn in tax collection in the 1HFY17. FBR has provisionally collected PKR 1,460 bn against the target of PKR 1,615 bn for the six month. The Government has set the target of tax collection to PKR 3.62 tn for FY17, which is ambitious in our view. It is expected that Government will face challenges in the tax collection post IMF period. Furthermore, the tax collection is affecting the budget deficit (target of 3.8% of GDP for FY17) due to lower than expected tax revenue along with decline in non-tax revenue.

The fiscal expenditure was recorded at PKR 1,300 bn in the 1QFY17 against revenues of PKR 862.2 bn, leading to a deficit of PKR 437 bn (1.3% of GDP). However, the Government is focusing on the introduction and implementation of robust and stringent measures in economy to improve revenue collection in the future.

In this regard The National Assembly in December, approved a mega tax amnesty scheme for real estate sector that would approve whitening of black money invested in the sector by paying only three per cent tax. The impact of the amnesty scheme remains to be seen.

Equity Market Performance

1QFY17 has been a record-breaking period for the KSE-100 index, which crossed 40,000 psychological barrier and closed at 40,542 points, posting a return of 7.3% in 1QFY'17. During the subsequent quarter, the index smashed all previous performance records and posting a whopping return of 17.92% in 2QFY17. In this regard the overall index level increased by 27% in 1HFY'17.

The performance of the index in 1HFY'17 can be mainly attributed to

- Renewed investor confidence due to Morgan Stanley Capital International (MSCI)'s re-classification of Pakistan in to Emerging Market Index.
- Oil price stability, as OPEC producers agreed to its first oil output cut in 8 years.

- Sales uptick in Pakistan auto sector, on the back of renewed consumer spending and rise in consumer financing.

- Country's successful completion of IMF program.

- Positive developments on CPEC projects, which are expected to reduce the power shortage and revitalize the economy.

- S&P raising Pakistan's sovereign credit rating to B from B-.

- Expectations of a substantial Export/Textile package to boost exports.

- 40% stake sale in the management of PSX, a consortium consisting of China Futures Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange, Pak-China Investment Company (PCIC) and Habib Bank Ltd. (HBL) submitted the highest bid of PkR 28/share for the 40% strategic stake.

- FBR's Revaluation of properties and regularization of real estate sector to increase tax net, as many investors switched from real estate to equity markets.

Future Outlook

We believe that market has incorporated many positives of expected inflows triggered by MSCI re-rating, CPEC and Expected export package. However at the current level PSX still has some room to grow as the current market P/E of 11x is still lower then MSCI EM P/E of 13x.

Apart from the P/E ratio, another ratio that makes us bullish on PSX is the market cap to GDP ratio. The current market cap to GDP is 30%, which shows that the market is substantially below its historical peak of 49% in CY07.

Furthermore, in September Pakistan became signatory of "Multilateral Convention on Mutual Administrative Assistance in Tax Matters", a framework created by OECD. The Convention is the most powerful instrument for international tax cooperation. It provides for all forms of administrative assistance in tax matters: exchange of information on request, spontaneous exchange, automatic exchange, tax examinations abroad, simultaneous tax examinations and assistance in tax collection. It guarantees extensive safeguards for the protection of taxpayers' rights.

By becoming a signatory of the convention, Pakistan has sent a strong signal of its intention to curb offshore tax evasion and avoidance. The benefit of such a step will be two folds, first it will help increase the tax net and secondly, it might trigger another wave of liquidity in local equity markets.

In addition to foreign portfolio investments, we believe many strategic investments (apart from CPEC related investments), similar to RFC of Netherlands acquiring Engro Foods and Shanghai Electric's management takeover of K-Electric, are going to be the prime drivers of growth in the coming years.

x) 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 affair during the period and up till the date of the Fund Manager's report.

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

There was no share split during the period.

xii) Disclosure of circumstances that materially affect any interest of shareholders:

Investments are subject to credit and market risk.

xiii) 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 December 31, 2016, 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 together with the notes forming part thereof (here-in-after referred to as the 'interim financial information') for the half year ended December 31, 2016. Management Company (AKD Investment Management Limited) is responsible for the preparation and fair 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. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement, condensed interim statement of changes in equity and condensed interim statement of movement in equity and reserves per share for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with 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 as of and for the half year ended December 31, 2016 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 January 31, 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 interim financial information has 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.

Other matter

The interim financial information of the Company for the half year ended December 31, 2015 and annual financial statements for the year ended June 30, 2016 were reviewed and audited respectively by another firm of Chartered Accountants who expressed an unqualified conclusion and opinion thereon dated February 16, 2016 and September 05, 2016, respectively.

Deloitte Yousuf Adil
Chartered Accountants
Engagement Partner: Mushtaq Ali Hirani

Karachi: February 17, 2017

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
		------ (Rupees in '000) ------	
ASSETS			
Bank balances	4	87,040	72,279
Investments	5	2,190,060	1,754,500
Loans and receivables	6	1,482	-
Dividend and profit receivable		9,226	510
Income tax refundable		307	205
Security deposit and prepayments	7	2,940	2,750
Total assets		2,291,055	1,830,244
LIABILITIES			
Payable against purchase of investments		25,977	-
Payable to the Management Company	8	4,770	4,031
Accrued and other liabilities	9	18,706	19,489
Provision for Workers' Welfare Fund	10	54,216	54,216
Unclaimed dividend		51,254	38,193
Total liabilities		154,923	115,929
NET ASSETS		2,136,132	1,714,315
SHARE HOLDERS' EQUITY			
Authorised capital			
250,000,000 (June 30, 2016: 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, 2016: 152,098,344) Ordinary shares of Rs. 5 each		760,492	760,492
General reserve		500	500
Undistributed income		1,375,140	953,323
		2,136,132	1,714,315
		---------- (Rupees) ----------	
NET ASSETS VALUE PER SHARE		14.04	11.27
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

		Half year ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
	Note	(Rupees in '000)			
Income					
Capital gain / (loss) on sale of investment - net		**231,057**	54,867	**139,846**	(1,657)
Dividend income		**27,945**	16,539	**19,536**	9,269
Net unrealised gain / (loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held-for-trading	5.1	**516,267**	(40,234)	**82,282**	27,122
Profit on bank deposits		**3,019**	3,370	**1,902**	1,627
Total income		**778,288**	34,542	**243,566**	36,361
Operating expenses					
Remuneration of the Management Company		**20,306**	17,917	**10,536**	8,367
Sales tax on management fee		**2,640**	2,910	**1,370**	1,359
Federal excise duty on management fee		**-**	2,867	**-**	1,339
Annual fee of Securities and Exchange Commission of Pakistan (SECP)		**965**	851	**501**	397
Remuneration of Custodian - Central Depository Company of Pakistan Limited (CDC)		**603**	549	**302**	240
Auditors' remuneration		**206**	252	**105**	105
Legal and professional charges		**81**	252	**-**	-
Annual listing fee		**194**	555	**97**	-
Central depository system charges		**68**	230	**40**	18
Fees and subscription		**257**	196	**129**	85
Securities transaction cost		**2,307**	2,683	**1,182**	527
Bank charges		**5**	6	**3**	3
Directors' fee		**191**	120	**116**	60
Printing and postage		**368**	173	**238**	133
Sales tax on custodian and central depository system charges		**87**	109	**45**	36
Advertising		**166**	-	**166**	-
Expenses allocated by the Management Company		**1,015**	-	**526**	-
Total expenses		**29,459**	29,670	**15,356**	12,669
Net income before taxation		**748,829**	4,872	**228,210**	23,692
Taxation	12	**-**	-	**-**	-
Net income after taxation		**748,829**	4,872	**228,210**	23,692
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive income for the period		**748,829**	4,872	**228,210**	23,692
		(Rupees)			
Earnings per share - basic and diluted		**4.92**	0.03	**1.50**	0.16

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	(Rupees in '000)			
Undistributed income brought forward	**953,323**	983,814	**1,473,942**	964,994
Net income after taxation for the period	**748,829**	4,872	**228,210**	23,692
Final dividend for the year ended June 30, 2016 @ 21% (Rs.1.05 per share) [June 30, 2015 @ 25% (Rs.1.25 per share)] declared on September 05, 2016	**(159,704)**	(190,123)	**(159,704)**	(190,123)
Interim dividend for the year ending June 30, 2017 @ 22% (Rs.1.10 per share) [June 30, 2016 @ Nil (Rs.Nil per share)] declared on October 21, 2016	**(167,308)**	-	**(167,308)**	-
Undistributed income carried forward	**1,375,140**	798,563	**1,375,140**	798,563

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before taxation	**748,829**	4,872	**228,210**	23,692
Adjustments:				
Unrealised (gain) / loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	**(516,267)**	40,234	**(82,282)**	(27,122)
Federal excise duty on management fee	**-**	2,867	**-**	1,339
	232,562	47,973	**145,928**	(2,091)
Decrease / (increase) in assets				
Receivable against sale of investments	**-**	76,131	**6,943**	11,131
Investments	**80,707**	24,780	**179,299**	150,822
Loans and receivables	**(1,482)**	-	**(1,482)**	-
Dividend and other receivables	**(8,716)**	8	**(3,074)**	5,475
Income tax refundable	**(102)**	(67)	**(12)**	(67)
Security deposit and prepayments	**(190)**	-	**97**	-
	70,217	100,852	**181,771**	167,361
Increase / (decrease) in liabilities				
Payable against purchase of investments	**25,977**	(3,780)	**(46,034)**	-
Payable to the Management Company	**739**	(60)	**(433)**	(343)
Accrued and other liabilities	**(783)**	(1,628)	**(913)**	(76)
	25,933	(5,468)	**(47,380)**	(419)
Net cash generated from operating activities	**328,712**	143,357	**280,319**	164,851
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	**(313,951)**	(186,710)	**(313,766)**	(185,815)
Net cash used in financing activities	**(313,951)**	(186,710)	**(313,766)**	(185,815)
Net increase / (decrease) in cash and cash equivalents	**14,761**	(43,353)	**(33,447)**	(20,964)
Cash and cash equivalents at the beginning of the period	**72,279**	107,418	**120,487**	85,029
Cash and cash equivalents at the end of the period	**87,040**	64,065	**87,040**	64,065

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Share Capital	General Reserve	Undistributed Income	Total
	(Rupees in '000)			
Balance as at September 30, 2015	760,492	500	964,994	1,725,986
Net income for the period	-	-	23,692	23,692
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the quarter ended December 31, 2015	-	-	23,692	23,692
Final dividend for the year ended June 30, 2015 @ 25% (Rs.1.25 per share)	-	-	(190,123)	(190,123)
Balance as at December 31, 2015	760,492	500	798,563	1,559,555
Balance as at June 30, 2015	760,492	500	983,814	1,744,806
Net income for the period	-	-	4,872	4,872
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the half year ended December 31, 2015	-	-	4,872	4,872
Final dividend for the year ended June 30, 2015 @ 25% (Rs.1.25 per share)	-	-	(190,123)	(190,123)
Balance as at December 31, 2015	760,492	500	798,563	1,559,555
Balance as at September 30, 2016	760,492	500	1,473,942	2,234,934
Net income for the period	-	-	228,210	228,210
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the quarter ended December 31, 2016	-	-	228,210	228,210
Final dividend for the year ending June 30, 2016 @ 21% (Rs.1.05 per share)	-	-	(159,704)	(159,704)
Interim dividend for the year ended June 30, 2017 @ 22% (Rs.1.10 per share)	-	-	(167,308)	(167,308)
Balance as at December 31, 2016	**760,492**	**500**	**1,375,140**	**2,136,132**
Balance as at June 30, 2016	760,492	500	953,323	1,714,315
Net income for the period	-	-	748,829	748,829
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the half year ended December 31, 2016	-	-	748,829	748,829
Final dividend for the year ended June 30, 2016 @ 21% (Rs.1.05 per share)	-	-	(159,704)	(159,704)
Interim dividend for the year ended June 30, 2017 @ 22% (Rs.1.10 per share)	-	-	(167,308)	(167,308)
Balance as at December 31, 2016	**760,492**	**500**	**1,375,140**	**2,136,132**

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	(Rupees)			
Net assets value per share at the beginning of the period	**11.27**	11.47	**14.69**	11.35
Capital gain on sale of investments - net	**1.52**	0.36	**0.92**	(0.01)
Dividend income	**0.18**	0.11	**0.13**	0.06
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	**3.39**	(0.26)	**0.54**	0.17
Profit on bank deposits	**0.02**	0.02	**0.01**	0.01
Net income for the period	**5.11**	0.23	**1.60**	0.23
Operating expenses	**(0.19)**	(0.20)	**(0.10)**	(0.08)
Final dividend for the year ended June 30, 2016 @ 21% (Rs.1.05 per share) [June 30, 2015 @ 25% (Rs.1.25 per share)]	**(1.05)**	(1.25)	**(1.05)**	(1.25)
Interim dividend for the year ended June 30, 2017 @ 22% (Rs.1.10 per share) [June 30, 2016 @ Nil (Rs.Nil per share)]	**(1.10)**	-	**(1.10)**	-
Net assets value per share	**14.04**	10.25	**14.04**	10.25

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

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 Pakistan Stock Exchange (formerly 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 The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM3+' to the Management Company dated June 08, 2016 and has assigned "4-Star" Star Performance Ranking to the Company dated December 07, 2016.

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). In 2013, SECP vide its Notification S.R.O 1399 (1) 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 aforementioned regulation 65 is ultra vires the Constitution and Companies Ordinance, 1984. 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 relevant lawsuit is pending adjudication at the Honorable Sindh High Court.

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 regulation 65 is in contravention of the fundamental right of business guranteed by the Constitution of Pakistan Therefore, 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, this condensed financial information has been prepared on a going concern basis.

2. STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with the requirements of approved international accounting standards as applicable in Pakistan, the Trust Deed, 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). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP shall prevail.

This condensed interim financial information 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, 2016. The comparative information of this condensed financial information for the quarters ended December 31, 2016 and December 31, 2015 are un-audited and have been included to facilitate comparison.

These condensed interim financial information are un-audited but subject to limited scope review by the auditors. The condensed interim financial information 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 information are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2016. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 01, 2016, which do not have any impact on these condensed interim financial information.

The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company and therefore not disclosed in this condensed interim financial information.

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Company as at and for the year ended June 30, 2016.

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
		------ (Rupees in '000) ------	
4. BANK BALANCES			
PLS savings accounts	4.1	**80,873**	66,060
Current accounts		**6,167**	6,219
		87,040	72,279

4.1 Profit rates on PLS saving accounts range between 3.75% to 5.00% (June 30, 2016: 3.75% to 5.5%) per annum.

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
5. INVESTMENTS			
Financial assets at fair value through profit or loss			
- Quoted equity securities - held-for-trading	5.1	**2,190,060**	1,753,020
Available-for-sale			
- Quoted equity securities	6.1	**-**	1,480
		2,190,060	1,754,500

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

Name of the investee company	Face value per share	Number of shares: Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Balance as at December 31, 2016: 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												
Automobile Assembler												
Atlas Honda Limited	10	11,451	-	-	11,451	-	-	-	-	-	-	-
Dewan Farooq Motors Limited	10	391,500	-	-	391,500	-	-	-	-	-	-	-
							-	-	-			
Automobile Parts & Accessories												
Atlas Battery Limited	10	4,346	-	-	50	4,296	2,500	3,587	1,087	0.16	0.17	0.02
Thal Limited	5	509,000	-	-	229,000	280,000	79,246	142,388	63,142	6.50	6.67	0.35
The General Tyre and Rubber Company of Pakistan Limited	10	-	50,000	-	50,000	-	-	-	-	-	-	-
							81,746	**145,975**	**64,229**			
Cable & Electrical Goods												
Johnson & Phillips (Pakistan) Limited	10	17,000	-		17,000	-	-	-	-	-	-	-
Pak Elektron Limited	10	-	125,500		-	125,500	8,596	8,946	350	0.41	0.42	0.03
Pakistan Cables Limited	10	295,100	-		16,700	278,400	47,473	97,423	49,950	4.45	4.56	0.98
					-	-	**56,069**	**106,369**	**50,300**			
Cement												
Dewan Cement Limited	10	1,957,500	628,000		2,585,500	-	-	-	-	-	-	-
Javedan Corporation Limited	10	4,892,800	71,500		-	4,964,300	146,458	168,439	21,981	7.69	7.89	3.84
							146,458	**168,439**	**21,981**			
Chemical												
Archroma Pakistan Limited	10	140,580	-		21,300	119,280	58,131	95,607	37,476	4.36	4.48	0.35
Buxly Paints Limited	10	36,500	-		-	36,500	1,442	4,380	2,938	0.20	0.21	2.53
Dynea Pakistan Limited	5	361,733	-		-	361,733	16,459	19,317	2,858	0.88	0.90	3.84
Ghani Gases Limited	10	120	-		-	120	2	3	1	-	-	-
Nimir Industries Chemicals Limited	10	672,500	-		-	672,500	20,175	29,503	9,328	1.35	1.38	0.61
							96,209	**148,810**	**52,601**			
Commercial Banks												
Bankislami Pakistan Limited	10	1,559,928	2,629,500		-	4,189,428	49,088	55,971	6,883	2.55	2.62	0.42
JS Bank Limited	10	-	856,500		856,500	-	-	-	-	-	-	-
NIB Bank Limited	10	6,272,955	-		-	6,272,955	11,981	11,354	(627)	0.52	0.53	0.06
Summit Bank Limited	10	1,940,159	3,500,000		1,500,000	3,940,159	13,074	17,337	4,263	0.79	0.81	0.22
The Bank of Punjab	10	-	762,000		762,000	-	-	-	-	-	-	-
							74,143	**84,662**	**10,519**			

Name of the investee company	Face value per share	Number of shares: Opening balance	Number of shares: Purchases during the period	Number of shares: Bonus / right issue	Number of shares: Sales during the period	Number of shares: Closing balance	Balance as at December 31, 2016: Carrying cost	Balance as at December 31, 2016: Market value	Balance as at December 31, 2016: 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					
Engineering												
Aisha Steel Mills Limited	10	3,206,000	-		-	3,206,000	24,783	50,430	25,647	2.30	2.36	1.18
Huffaz Seamless Pipe Industries Limited	10	391,745	-		-	391,745	6,856	9,841	2,985	0.45	0.46	0.71
International Steels Limited	10	79,500	-		79,500	-	-	-	-	-	-	-
							31,639	**60,271**	**28,632**			
Fertilizer												
Engro Corporation Limited	10	-	156,100		-	156,100	48,469	49,342	873	2.25	2.31	0.03
							48,469	**49,342**	**873**			
Food & Personal Care-Products												
Al Shaheer Corporation Limited	10	-	145,000		145,000	-	-	-	-	-	-	-
Engro Foods Limited	10	-	149,900		149,900	-	-	-	-	-	-	-
Murree Brewery Company Limited	10	25,000	48,950		36,000	37,950	38,893	35,205	(3,688)	1.61	1.65	0.16
Quice Food Industries Limited	10	4,954,500	434,500		1,354,500	4,034,500	33,755	36,351	2,596	1.66	1.70	4.10
							72,648	**71,556**	**(1,092)**			
Glass & Ceramics												
Balochistan Glass Limited	10	110,000	-		-	110,000	531	1,514	983	0.07	0.07	0.06
Shabbir Tiles & Ceramics Limited	5	1,291,937	-		-	1,291,937	9,909	14,418	4,509	0.66	0.67	0.54
							10,440	**15,932**	**5,492**			
Insurance												
Century Insurance Company Limited	10	386,812	-		-	386,812	9,462	11,519	2,057	0.53	0.54	0.85
Efu General Insurance Limited	10	-	95,200		-	95,200	12,826	14,375	1,549	0.66	0.67	0.05
Habib Insurance Company Limited	5	300,183	-		-	300,183	4,875	5,703	828	0.26	0.27	0.24
Pakistan Reinsurance Company Limited	10	67,500	-		-	67,500	2,043	2,807	764	0.13	0.13	0.02
TPL Direct Insurance Limited	10	301,686	-		-	301,686	5,385	5,726	341	0.26	0.27	0.40
							34,591	**40,130**	**5,539**			
Investment banks / inv. cos. / securities cos.												
Jahangir Siddiqui & Company Limited	10	-	1,884,500		-	1,884,500	43,487	47,847	4,360	2.18	2.24	0.21
Js Investment Limited	10	394,000	-		-	394,000	5,437	6,107	670	0.28	0.29	0.49
							48,924	**53,954**	**5,030**			
Miscellaneous												
MACPAC Films Limited	10	809,129	30,000		30,000	809,129	15,556	19,419	3,863	0.89	0.91	2.08
Pakistan Services Limited	10	13,400	-		-	13,400	9,041	11,839	2,798	0.54	0.55	0.04
Siddiqsons Tin Plate Limited	10	1,505,000	-		-	1,505,000	16,194	25,103	8,909	1.15	1.18	1.92
Tri-pack Films Limited	10	-	12,500		12,500	-	-	-	-	-	-	-
							40,791	**56,361**	**15,570**			

Name of the investee company	Face value per share	Number of shares: Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Balance as at December 31, 2016: 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					
Oil & Gas Exploration Companies												
Oil & Gas Development Company Limited	10	750,000	625,000		450,000	925,000	142,671	152,949	10,278	6.98	7.16	0.02
Pakistan Petroleum Limited	10	150,000	83,700		12,200	221,500	34,925	41,682	6,757	1.90	1.95	0.01
							177,596	**194,631**	**17,035**			
Oil & Gas Marketing Companies												
Pakistan State Oil Company Limited	10	-	105,200		-	105,200	44,937	45,679	742	2.08	2.14	0.04
Sui Northern Gas Pipelines Limited	10	5,344,550	50,000		5,094,500	300,050	11,120	24,475	13,355	1.12	1.15	0.05
Sui Southern Gas Company Limited	10	-	850,000		850,000	-	-	-	-	-	-	-
							56,057	**70,154**	**14,097**			
Paper & Board												
Century Paper And Board Mills Limited	10	-	791,500		561,000	230,500	13,181	14,303	1,122	0.65	0.67	0.16
Merit Packaging Limited	10	800,657	-		-	800,657	13,563	19,320	5,757	0.88	0.90	1.99
Pakistan Paper Products Limited	10	226,500	-		-	226,500	15,368	15,918	550	0.73	0.75	3.78
							42,112	**49,541**	**7,429**			
Power Generation & Distribution												
Japan Power Generation Limited	10	2,314,500	728,000		3,042,500	-	-	-	-			
K-Electric Limited	3.5	18,534,000	2,492,000		2,500,000	18,526,000	150,549	173,589	23,040	7.92	8.13	0.07
Sitara Energy Limited	10	263,151	-		-	263,151	9,118	11,079	1,961	0.51	0.52	1.38
							159,667	**184,668**	**25,001**			
Sugar & Allied Industries'												
Imperial Sugar Limited	10	378,000	-		-	378,000	1,886	3,349	1,463	0.15	0.16	0.38
Shahtaj Sugar Mills Limited	10	24,537	-		-	24,537	2,442	4,061	1,619	0.19	0.19	0.20
Shakarganj Limited	10	5,730,993	-		3,700,000	2,030,993	31,724	72,669	40,945	3.32	3.40	1.85
							36,052	**80,079**	**44,027**			
Synthetics and Rayon												
Rupali Polyester Limited	10	12,701	-		-	12,701	114	257	143	0.01	0.01	0.04
							114	**257**	**143**			
Technology and Communication												
Hum Network Limited	1	118,000	-		-	118,000	1,213	1,769	556	0.08	0.08	0.01
Pakistan Telecommunication Company Limited	10	2,690,500	1,909,500		1,905,000	2,695,000	44,278	46,300	2,022	2.11	2.17	0.07
Telecard Limited	10	2,018,500	-		2,018,500	-	-	-	-	-	-	-
TRG Pakistan Limited (*) (**)	10	5,330,917	204,500		167,000	5,368,417	180,540	237,606	57,066	10.84	11.12	0.98
Worldcall Telecom Limited	10	438,000	-		-	438,000	858	1,209	351	0.06	0.06	0.05
							226,889	**286,884**	**59,995**			

Name of the investee company	Face value per share	-Number of shares- Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Balance as at December 31, 2016 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	------------				
Textile Composite												
Dawood Lawrencepur Limited	10	62,159	-		-	62,159	11,213	15,726	4,513	0.72	0.74	0.11
Gul Ahmed Textile Mills Limited	10	-	250,000		-	250,000	11,007	12,793	1,786	0.58	0.60	0.08
Ishaq Textile Mills Limited	10	6,500	-		-	6,500	57	60	3	0.00	0.00	0.07
Kohinoor Mills Limited	10	80,500	-		-	80,500	1,626	3,260	1,634	0.15	0.15	0.16
Sapphire Fibres Limited	10	47	-		-	47	26	43	17	0.00	0.00	0.00
							23,929	**31,882**	**7,953**			
Textile Spinning												
Crescent Fibres Limited	10	42,000	-		-	42,000	1,676	1,344	(332)	0.06	0.06	0.34
Din Textile Mills Limited	10	54,729	-		-	54,729	4,630	5,369	739	0.24	0.25	0.24
Ellcot Spinning Mills Limited	10	881,054	2,500		-	883,554	64,889	113,316	48,427	5.17	5.30	8.07
Fazal Cloth Mills Limited	10	12,406	-		-	12,406	1,762	2,072	310	0.09	0.10	0.04
Gadoon Textile Mills Limited	10	65,901	-		22,100	43,801	5,632	11,867	6,235	0.54	0.56	0.16
Island Textile Mills Limited	10	40,600	-		-	40,600	38,367	43,963	5,596	2.01	2.06	8.12
Saif Textile Mills Limited	10	217,000	-		-	217,000	3,856	4,969	1,113	0.23	0.23	0.82
							120,812	**182,900**	**62,088**			
Textile Weaving												
Prosperity Weaving Mills Limited	10	84,591	-		-	84,591	2,580	2,875	295	0.13	0.13	0.46
							2,580	**2,875**	**295**			
Transport												
Pakistan International Container Termina	10	46,200	-		-	46,200	15,546	17,551	2,005	0.80	0.82	0.04
							15,546	**17,551**	**2,005**			
Vanaspati & Allied Industries												
Punjab Oil Mills Limited	10	234,000	-		-	234,000	62,478	76,752	14,274	3.50	3.59	4.34
S.S. Oil Mills Limited	10	180,100	-		-	180,100	7,834	10,085	2,251	0.46	0.47	3.18
							70,312	**86,837**	**16,525**			
Total listed equity securities as at December 31, 2016							**1,673,793**	**2,190,060**	**516,267**			
Total listed equity securities as at June 30, 2016							1,645,232	1,753,020	107,788			

* This includes 2,000,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.

** The exposure limit of investment in a single company as a percentage of net assets exceeded by 1.12% against the prescribed limit of 10% of the total net assets as required under the NBFC Regulations. Subsequent to the period end the exposure has been regularised within the prescribed limit of 10% before the expiry of the time period for regularization.

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
6. LOANS AND RECEIVABLES		------ (Rupees in '000) ------	
Preference Shares			
- Security Leasing Corporation Limited	6.1	**1,482**	-

6.1 Security Leasing Corporation Limited had deferred the payment of 3rd and 4th redemption pertaining to 1,000,000 shares of Rs. 10 each due on November 2009 and November 2010 respectively due to adverse financial position of the Company. As per the terms of the preference share, the redemption amount will be lower of par value and breakup value as per latest available audited financial statments. The preference shares had been valued at break up value of Rs. 1.48 per share as per the financial statements for the period ended March 31, 2015. The breakup value as per latest audited financial statments for June 30, 2016 is Rs. 3.52 per share. However. on a prudent basis the impairment has not been reversed. Negotiations are underway with the investee company to recover the outstanding amount of preference shares. Management believes that no further provision is required against this amount. These preference shares had been delisted from Pakistan Stock Exchange Limited and therefore cannot be sold in an active market. The Management Company has intention and ability to hold the preference shares until realisation of aforementioned deferred payments, accordingly, the said investment has been reclassified into loans and receivables.

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
		------ (Rupees in '000) ------	
7. DEPOSITS AND PREPAYMENTS			
Security deposits with			
- National Clearing Company of Pakistan Limited (NCCPL)		**2,750**	2,750
Prepayment - Annual listing fee		**190**	-
		2,940	2,750
8. PAYABLE TO MANAGEMENT COMPANY			
Management fee	8.1	**3,534**	2,830
Sales tax on management fee	8.2	**459**	460
Others	8.3	**600**	600
Expenses allocated by the management company	8.4	**177**	141
		4,770	4,031

8.1 The Management Company is entitled to the remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding two percent of the average daily net assets of the Company. The Management Company charged the remuneration at the rate of two percent per annum of the average daily net assets of the Company.

8.2 The Provincial Government of Sindh has levied Sindh sales rax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 This represents amount payable to the Management Company being legal charges borne by the Company for defending itself against the law suit filed in respect of clause 65 of the NBFC Regulations as more fully explained in note 1.4 above.

8.4 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), the Management Company of the Company is entitled to receive fees and expenses related to registrar services, accounting, operation and valuation services related to the Fund maximum up to 0.1% per annum of the average annual net assets of Fund or actual , whichever is less. The Management Company has been charging the said fees and expenses at the rate of 0.1% per annum, of the average annual net assets of the Company, which is less than their actual expense.

9. ACCRUED AND OTHER LIABLITIES	**Note**	**(Unaudited) December 31, 2016**	**(Audited) June 30, 2016**
		------ (Rupees in '000) ------	
Annual fee to SECP	9.1	**965**	1,588
Brokerage		**350**	78
Custodian fee / charges		**85**	77
Auditors remuneration		**202**	274
Unclaimed amount due to certificate holders on reduction of share capital		**45**	45
Witholding tax		**28**	13
Sales tax to CDC		**15**	11
Federal excise duty on management fee	9.2	**16,592**	16,592
Accrued expenses		**425**	811
		18,706	19,489

9.1 This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Company is required to pay SECP an amount equal to 0.095% (June 30, 2016: 0.095%) of the average daily net assets.

9.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Company are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Company, the Management Company is of the view that further levy of FED was not justified.

On September 04, 2013, a constitutional petition was filed in Sindh High Court (SHC) jointly by various asset management companies, together with Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC vide its Order dated June 30, 2016 has disposed of the petition by referring its judgment dated June 02, 2016 whereby it rendered the FED on certain services to be 'Ultra Vires' in the presence of Sindh Sales Tax Act 2011. However, the Federal Board of Revenue (FBR) has filed an appeal in the Supreme Court of Pakistan against this judgment of the SHC.

Further, the Federal Government vide Finance Act 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services.

In view of the abovementioned facts and the pending decision by the Supreme Court of Pakistan, the Management Company has not made any further provision for FED in the books of accounts of the Fund with effect from July 1, 2016 and decided to retain the provision for FED already made in the books of accounts of the Company which aggregated to Rs. 16.59 million as at December 31, 2016. (June 30, 2016: Rs. 16.59 million). Had this provision not been made, the NAV of the Company would have been higher by Re. 0.10 per share.

10. PROVISION FOR WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds. MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and

- the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Company has recorded these adjustments in its books on 12 January 2017.

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an increase in the net asset value per share of the Company by Re 0.18.

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2016.

12. 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 in cash for that year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the shareholders. Accordingly, the Company has not recorded provision for taxation as the management intends to distribute at least 90 percent of the Company's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its shareholders.

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

13. 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 Investment (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:

	(Unaudited) December 31 2016	(Audited) December 31 2015
13.1 Transactions during the period	------ (Rupees in '000) ------	
AKD Investment Management Limited - Management Company		
Remuneration to Management Company	**20,306**	17,917
Final cash dividend paid @ 21% i.e. Rs.1.05 per share (2015: 25% i.e. Rs.1.25 per share)	**25,707**	30,978
Interim cash dividend paid @ 22% i.e. Rs1.10 per share (2015: Interim dividend : Nil)	**26,931**	-
Expenses allocated by the Management Company	**1,015**	-
Sales of shares of Company	**4,500**	-
AKD Securities Limited - Group Company		
Brokerage	**232**	358
Cash dividend paid @ 21% i.e. Rs.1.05 per share (2015: 25% i.e. Rs.1.25 per share)	**3**	4
Interim dividend paid @ 22% i.e. Rs. 1.10 per share (2015: Interim dividend : Nil)	**3**	-

	(Unaudited) December 31 2016	(Audited) December 31 2015
	------ (Rupees in '000) ------	
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Cash dividend paid @ 21% i.e. Rs.1.05 per share (2015: 25% i.e. Rs.1.25 per share)	**2,197**	2,616
Interim dividend paid @ 22% i.e. Rs. 1.10 per share (2015: Interim dividend : Nil)	**2,302**	-
AKD Investment Management Limited - Staff Provident Fund		
Cash dividend paid @ 21% i.e. Rs.1.05 per share (2015: 25% i.e. Rs.1.25 per share)	**474**	564
Interim dividend paid @ 22% i.e. Rs. 1.10 per share (2015: Interim dividend : Nil)	**496**	-
Directors of the Company		
Cash dividend paid @ 21% i.e. Rs.1.05 per share (2015: 25% i.e. Rs.1.25 per share)	**3,178**	3,959
Interim dividend paid @ 22% i.e. Rs. 1.10 per share (2015: Interim dividend : Nil)	**3,329**	-
Key Management Personnel of the Company		
Cash dividend paid @ 21% i.e. Rs.1.05 per share (2015: 25% i.e. Rs.1.25 per share)	**84**	100
Interim dividend paid @ 22% i.e. Rs. 1.10 per share (2015: Interim dividend : Nil)	**88**	-
Central Depository Company of Pakistan Limited - Custodian		
Fee charged during the year (including transaction charges)	**671**	779
Javedan Corporation Limited - Common Directorship		
Purchase of shares	**2,267**	19,183
Prosperity Weaving Mills Limited - Common Directorship		
Dividend received during the period	**148**	-

13.2 Balances outstanding at the period / year end	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	------ (Rupees in '000) ------	
AKD Investment Management Limited - Management Company		
Remuneration payable	**3,534**	2,830
Provincial sales tax on management fee	**459**	460
FED on management remuneration	**16,592**	16,592
Expenses allocated by the Management Company	**177**	141
Others	**600**	600
Shares in issue (number of shares: December 31, 2016: 23,882,895; June 30, 2016: 24,782,895)	**119,414**	123,914
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Shares in issue (number of shares: December 31, 2016: 2,092,812; June 30, 2016: 2,092,812)	**10,464**	10,464
AKD Securities Limited - Group Company		
Shares in issue (number of shares: December 31, 2016: 2,889; June 30, 2016: 2,889)	**14**	14
Brokerage payable	**144**	-
AKD Investment Management Limited - Staff Provident Fund		
Shares in issue (number of shares: December 31, 2016: 451,046; June 30, 2016 451,046)	**2,255**	2,255
Directors of the Company		
Shares of the Company held (number of shares: December 31, 2016: 3,026,277; June 30, 2016: 3,016,277)	**15,131**	15,081
Key Management Personnel of the Company		
Shares of the Company held (number of shares: December 31, 2016: 80,000; June 30, 2016: 80,000)	**400**	400
Central Depository Company of Pakistan Limited - Custodian		
Fee payable (including transaction charges)	**85**	77
Javedan Corporation Limited - Common Directorship		
Shares held by the Company (number of shares: December 31, 2016: 4,964,300; June 30, 2016: 4,892,800)	**168,439**	144,191
Prosperity Weaving Mills Limited - Common Directorship		
Shares held by the Company (number of shares: December 31, 2016: 84,591; June 30, 2016: Not Applicable)	**2,875**	-

14. EXPENSE RATIO

The expense ratio of the Fund from July 1 2016 to December 31 2016 is 1.46%, the total expense ratio includes 0.2% representing government levy and SECP fee.

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has not affected the condensed interim financial information.

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

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	As at December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS	(Rupees in '000)			
Investment in securities -				
at fair value through profit or loss	**2,190,060**	**-**	**-**	**2,190,060**
	2,190,060	**-**	**-**	**2,190,060**

	As at June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS	(Rupees in '000)			
Investment in securities -				
at fair value through profit or loss	1,753,020	-	-	1,753,020
Investment in securities - available-for-sale	-	1,480	-	1,480
	1,753,020	1,480	-	1,754,500

16. CORRESPONDING FIGURES

No significant rearrangements or reclassifications were made in this condensed financial information which have any impact on profit and loss account.

17. SUBSEQUENT EVENT

The Board of Directors of the Company in their meeting held on February 17, 2017 has declared an interim dividend at the rate of 22% i.e. Rs 1.10 per share (December 31, 2015: Nil). These condensed interim financial statements of the Company for the period ended December 31, 2016 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.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on February 17, 2017 by the Board of Directors of the Company.

19. General

Figures have been rounded off to the nearest thousand rupees.

Imran Motiwala Chief Executive Officer	**Anum Dhedhi** Director

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