Golden Arrow
SELECTED STOCKS FUND LIMITED

1st Quarter Report
September 30, 2014
(Un-audited)

quarterly report

**Partner
with AKD
Profit from the
Experience**

AKD Investment
Management Ltd.

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COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
Mr. Ahmed Abdul Sattar*

DIRECTOR & CHIEF EXECUTIVE OFFICER
Mr. Imran Motiwala*

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

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

CHIEF FINANCIAL OFFICER
Mr. Muhammad Munir Abdullah

COMPANY SECRETARY
Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT
Mr. Abdul Qadir Sultan

HEAD OF COMPLIANCE
Mr. Rashid Ahmed

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

CUSTODIAN
Central Depository Company
of Pakistan Limited
CDC House 99-B, Block 'B'
S.M.CH.S., Main 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 - GASSFL
BY PACRA
Performance Ranking

Long-term	Short-term
5-Star	4-Star

MANAGEMENT COMPANY
PACRA: AM3 (AM Three)

* Approval 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 quarterly report along with the Fund's accounts for the first quarter ended September 30, 2014.

Funds' Financial Performance

For the quarter ended September 30, 2014, GASFFL posted a return of 4.93% versus KSE-100 return of 0.25%, an outperformance of 4.68% viz-a-viz benchmark. GASSFL posted a profit of Rs. 82.192 million as compared to a profit of Rs. 124.383 million in the same period last year.

Investment Strategy

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

Macro Perspective

FY15 started off at a dull note with the heightened political tensions stifling the economic reforms undertaken by the Government in the previous fiscal year. The Quarter saw economic fallout coming from negative news flows starting with the political chaos occupying center stage, flash floods battering Punjab, and stalled IMF tranche. USD-PKR parity was recorded at PKR 102.7438 at September'14 end, shedding 3.88% from FY14, in the backdrop of shrinking foreign reserves slipping to US $13.21 billion due to delayed SPO of OGDCL, IMF tranche and sluggish FDI (YoY decline by 26.6%). In the dismal quarterly economic numbers coming out, FDI is the most worrisome indicating jittery investors' confidence in the Government ability to turn-around economy.

Political turmoil has taken its toll on the external account front. Trade deficit for the Quarter appreciated by 36% YoY, on account of higher imports by 12% and exports taking a plunge by 5%. Consequently, current account deficit widened by 5% YoY to US $ 1.3 billion (1.8% of GDP) due to the stark imbalance in import and export of the country. With the international oil prices declining since the start of FY15 on account of rumors related to the lifting of the ban on USA's crude oil exports, lower oil import bill is expected to provide a breather to the current account.

1QFY15 CPI inflation remained subdued at 7.52%, as compared 8.62% recorded last year. Despite alarms over floods driving the perishable food items prices higher, quarterly inflation was contained primarily due to lowest inflation recorded (in 15 months) at 7% in August'14. September'14 saw inflation clocking in at the higher side due to uptick in food items prices in the run-up to Eid and increase in railway fares (transport weight 0.43%). Discount rate was maintained at 10% by SBP citing dearth of foreign capital flows, and impediments in the OGDC SPO and Sukuk issue. On the back of falling international oil prices, SBP FY15 CPI target of 8% seems on the upside, however increase in power tariffs and hike in perishable items prices in the upcoming months will decide the direction of inflation and monetary policy.

For a nascent economy like Pakistan, economic growth hinges on development of the manufacturing sector. Private sector credit off take, a key indicator of corporate sentiment, declined by 0.91% FYTD depicting dwindling consensus confidence. Incessant foreign capital flows (US $ 157 million) showed consistent belief of foreign investors in the turnaround story of Pakistan and uplifts the overall gloomy mood of the market. Pakistan is entering a decisive period where pick up in privatization momentum and removal of power subsidy, IMF (EFF) conditions, will decide the direction of the economy in this fiscal year.

Equity Market

Despite posting a negative return of 5.8% during the month of August'14, the KSE-100 Index recorded a return of 0.25% in 1QFY15. The poor performance in August'14 was owed to the sit-ins in the country's Capital leading to panic in the market. As the hype created by anti-government protests started to deteriorate, the KSE-100 Index recovered from the slump and registered a return of 4.1% in September'14. Foreigners and local mutual funds continued to support the market with increased confidence.

It is worth mentioning that KSE-100 Index crossed the 30,000 mark, reaching an all time high to 30,474. Investor confidence was further supported by Moody's outlook upgrade for Pakistan from negative to stable while keeping its ratings unchanged, followed by another upgrade in the outlook on the Big-5 commercial banks.

Conforming to the consensus view, the SBP kept the discount rate unchanged owed to rise in the inflationary pressures following the recent floods and decreasing foreign exchange reserves. Volumes and turnover remained mellow in 1QFY15 due to political uncertainty and shorter trading hours that prevailed during the month of Ramadan. The average daily volume fell 39% QoQ to 132.94 million shares while average daily turnover declined by 28% QoQ to PKR 6.93 billion.

IPOs of two reputed companies; "Engro Powergen Qadirpur" and "Saif Power", also hit the stock market during 1QFY15 and were well received by the market. Some merger and acquisition activity also took place as Bestway Cement acquired a 75.9% stake in Lafarge Cement, making it the largest cement manufacturer in Pakistan. More offerings are to follow in FY15 with transactions for OGDC, HBL and ABL expected to materialize.

Analyzing the sector performance during the period under review, the Automobile industry owned the game; posting 31% QoQ returns, followed by the Pharma sector with return of 17% QoQ. Outperformance in these sectors was a result of higher earnings expectations in FY15. However, the Oil and Gas sector experienced a setback due to the weakening of the oil prices and the prevailing concerns about the OGDCL privatization transaction.

Money Market Review

During first three months of fiscal year FY15, government faced hefty challenges on political front arising from anti-government sit-ins as well as economic front caused by massive flooding. Delay in IMF tranche and decrease in foreign direct investment has put pressure on the Pakistani rupee. Improving foreign reserves was one of the key developments last year, however, with the IMF Extended Fund Facility tranches in doldrums, foreign reserves have come off by 6.5% from FY14 end to US $13.21 billion (import cover ~ 3.5 months) at the Quarter end.

The average CPI inflation during Jul-Aug 2014 is recorded at 7.4 percent after 8.6 percent in FY14. This declining trend is broad based since both measures of core inflation, Non-Food Non-Energy (NFNE) and trimmed mean, also decelerated YoY to 7.8 percent and 7.14 percent in August 2014 as compared to 8.7 percent and 7.9 percent in June 2014, respectively.

Government was managed to realize PKR 640.55 billion through T-Bills and PKR 313.58 billion through PIB's SBP issued T-BILLS and PIB's of different maturities, in total eight T-Bills and one PIB's auction were conducted in these three months. Currently T-Bills rates for different papers are as follows 3-Month 9.9564% and 6-Month 9.9791%.

Outlook

Pakistan's stock market returns have made the country an investment paradise for foreign fund managers looking to maximize yield on their portfolios. The current year saw KSE touching its record high of 30,474.75 points, and hovered around the same range for the rest of the quarter.

High volatility in international commodity prices came as a shock to commodity traders world over as the current quarter saw oil dipping to its all time low of $80 a barrel. As the American economy recovers from its worst financial position in the recent years, the US FED is expected to raise the discount rate for the first time in six years; a move that is expected to strengthen the USD amongst other currencies. With the USD all set book gains going forward, the future of gold seems to be a question of concern as investors replace their gold holdings with USD. Ironically, gold touched its trough this quarter as the metal traded at its four year low during the current quarter.

The supranational body IMF expects Pakistan's GDP to grow at 4.3% during FY15, down 0.8% from the Government's view of 5.1%. However, our in house view of 4.2% growth is based on back of damage caused by floods. The future of the Karachi Stock Exchange relies on various factors including, but not limited to: the resolution of the on-going antigovernment movement, the future of IMF tranches which is currently unknown owing to the Government's inability to honor the terms of the agreement, the outcome of the ongoing privatization activity and economic reforms and finally the pricing of commodities in the international market as Pakistan relies heavily in imports to serve its energy needs.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 29, 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

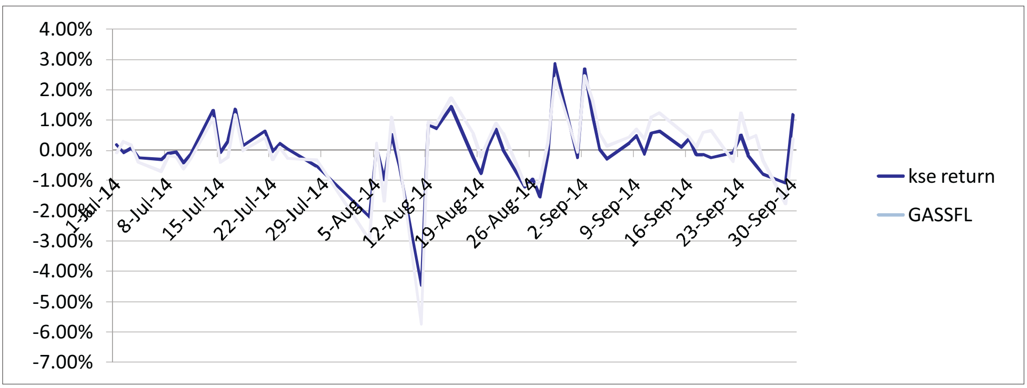
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY15, the return of the Golden Arrow Selected Stocks Fund Limited (GASSFL) stood at a 4.74% versus the benchmark KSE-100 Index of 0.17%, thus significantly outperforming the benchmark by 4.57%

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

KSE -100 Index

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



	Jul-14	Aug-14	Sep-14
GASSFL Return	-1%	-5.75%	4.93%
Benchmark	2.23%	-3.66%	0.25%

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

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

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

Asset Allocation (% of Total Asset)	Sep-14	Jun -14
Equities	94.66%	96.68%
Cash	4.37%	3.03%
Other Assets	NIL	0.29%
Leverage	Nil	Nil

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

1QFY15 Return	4.74%
Benchmark Return	0.17%

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

Net Assets Value			NAV Per Unit	
Sep-14	June-14	Change in Net Assets	Sep-14	June-14
-----(Rupees in 000')----			Rs.	Rs.
1,748,886	1,666,696	4.93%	11.50	10.96

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 performance in the preceding fiscal year was promising giving rise to the expectations of gradually overcoming the heightened structural problems that have plagued the economy and reduced the pace of growth and investments from past many years. However, the first Quarter FY15 dented these expectations as it was beset with political gridlock and continued demonstration of street power by two parties, grinding the economy to a standstill. Foreign reserves of the country slipped down to US $13.2 million, a decline of 6.5% from the FY14 end due to stalled IMF tranche and delayed OGDC SPO issue. Successful completion of OGDC and Sukuk offering is expected to mount the foreign reserves on a positive trend.

External account during the first quarter gave a dismal performance resulting from the brunt of political deadlock. With the exports coming off by 5% and an uptick in imports by 12%, trade deficit for 1QFY15 was burgeoned by 36% YoY to US $5.9 billion. In the same vein, current account deficit was recorded at 1.8% of GDP, as compared to 2.1% last year. However in absolute terms, current account deficit widened by 5% YoY to US $ 1.3 billion.With oil imports making up 33% of the total import bill, dwindling oil prices in the international markets will provide a much needed break to the external account front.

1QFY15 CPI inflation came in at lower than expected. Inflation during the Quarter was contained at 7.52% owing to high base effect and lower than expected uptick in perishable food items prices, post floods in Punjab. With the discount rate kept unchanged at 10% in the monetary policy due to uncertainty regarding inflation in coming months, and electricity tariffs. Broad market view is that SBP target inflation of 8% for FY15 will be lower as oil prices have slipped off considerably in the current fiscal year over fears of oversupply in the market.

Beating all estimates, Pakistan's GDP growth was recorded at 4.1% in FY14 with an expected in-house growth rate of 4.2% in FY15 (including flood effects), the upturn coming on the back of 11% increase in private sector credit off take translating into LSM growth of 3.95% and electricity supply improved by 3.7%. Negative news flows starting from the beginning of the year put a damper on the momentum of economic upheaval. Private sector has been wary to invest in the manufacturing sector, as witnessed by negative private sector credit off take of 0.91% FYTD, as the doubts remain regarding Government capacity to bring the economy back on its track.

MONEY MARKET REVIEW

During 1QFY15 the SBP kept the discount rate unchanged, which was widely expected by market participants. Ongoing political impasse, delay in the finalization of fourth IMF review, and the current heavy rains and floods, which have engulfed central and southern Punjab, threaten the nascent recovery in economic activity.

Core inflation figures of Food Non-Energy (NFNE) and trimmed mean both showed a declining trend decreased YOY to 7.8 percent and 7.14 percent in August 2014 as compared to 8.7 percent and 7.9 percent in June 2014. The average CPI inflation was recorded at 7.52 percent in the quarter under review after actual number of 8.6 percent in FY 14.

In this quarter SBP conducted eight T-Bills and one PIB auction of different maturities. Government collected PKR 640.55 billion through T-Bills and PKR 313.58 billion through PIB's. Currently T-Bills rates for different papers are as follow 3-Month 9.9564% and 6-Month 9.9791%.

Equity Market

The performance of KSE-100 Index remained volatile throughout the quarter, yet registered a return of 0.25% in 1QFY15. KSE-100 Index declined by 5.8% in August'14, due to the unrest created by anti-government protests in the Capital city. The Index recovered from the downtrend, as the protests came to a stall, with a 4.1% rise in September'14. As the riots lost its hype, investors gained confidence in the market with support from local mutual funds and foreign investors.

The KSE-100 Index achieved an all time high of 30,474 in 1QFY15 owing to increase in investor confidence. The market witnessed some positive developments such as Moody's upgrading Pakistan's outlook from negative to neutral while keeping its rating unchanged, another upgrade in the outlook on the Big-5 commercial banks was a cherry on top.

With the government already under pressure, the SBP decided to keep the discount rate unchanged due to inflationary pressure led by the recent floods and the decreasing foreign exchange reserves. The market was quite dull, in terms of average daily volume and average daily turnover compared to the preceding month, mainly because of the shorter working hours in the month of Ramadan and long Eid holidays. The average daily volume witnessed a decrease of 39% QoQ to stand at 133 million shares and average daily turnover decreased by 28% QoQ to stand at PKR 6.93 billion.

The market also witnessed some merger and acquisition, with Bestway Cement taking over Lafarge Cement, buying 75.9% of its stake and becoming Pakistan's largest cement manufacturers. "Engro Powergen Qadirpur" and "Saif Power", were also brought to the market and investors responded well towards them. With the expected materialization of transactions for OGDC, HBL and ABL, more offerings are projected to take place in FY15. The high corporate profitability led to growth in key sectors such as Automobile and Pharma sector with 31% and 17% return, respectively, in 1QFY15.

Future Outlook

The KSE-100 beat its own record by touching the all time high of 30,474.75 points in the first month of 1QFY15. Despite managing to gain the interest of foreign fund managers with its soaring returns, the future of KSE is primarily contingent on how the Government tackles various anti-government protests in a peaceful manner.

Taking a wider view of the global economy, oil and gold prices remained subdued as oil came under pressure on back of excessive oil production from OPEC, while gold's demand dipped as the US dollar is likely to strengthen and substitute the metal's holding. A major policy change also seems to be on the cards as the United State FED seems to be all set to raise its discount rate for the first time in six years, a move that would have domino effect on the economy of the most developed economy of the work.

Even though the flash flood of Punjab caused substantial damage to the agro-based economy, the IMF forecasts Pakistan's GDP to clock in at 4.3%, well below the Government's estimates of 5.1% but marginally above our house estimate of 4.2%. However, the resolution of the war against terrorism in the North, the future of IMF tranches and the prices of commodities imported into Pakistan would play an essential role in the performance of the Pakistani markets going forward.

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.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT SEPTEMBER 30, 2014

	Note	(Un-audited) September 30 2014	(Audited) June 30 2014
ASSETS		-------- (Rupees in '000)	--------
Bank balances		**80,138**	53,271
Receivable against sale of investments		**9,973**	-
Investments	4	**1,735,720**	1,698,189
Dividend and profit receivable		**5,056**	2,167
Tax refundable		**124**	124
Security deposit		**2,750**	2,750
Total Assets		**1,833,761**	1,756,501
LIABILITIES			
Payable to the Management Company		**3,896**	3,872
Accrued and other liabilities		**9,026**	8,965
Provision for Workers' Welfare Fund (WWF)	6	**44,366**	42,689
Unclaimed dividend		**27,584**	34,278
Total Liabilities		**84,872**	89,804
NET ASSETS		**1,748,889**	1,666,697
SHARE HOLDERS' EQUITY			
Authorised capital			
250,000,000 (June 30, 2014: 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, 2014: 152,098,344) ordinary shares of Rs. 5 each		**760,492**	760,492
General reserve		**500**	500
Unrealised appreciation on re-measurement of investments classified as 'available-for-sale' - net	4.4	**-**	-
Undistributed income		**987,897**	905,705
		1,748,889	1,666,697
		------------ (Rupees)	------------
NET ASSETS VALUE PER SHARE		**11.50**	10.96

CONTINGENCIES AND COMMITMENTS 5

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

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

		Quarter ended September 30,	
		2014	2013
Income	**Note**	------ (Rupees in '000) ------	
Capital gain on sale of investments - net		**13,915**	191,573
Dividend income		**6,344**	6,478
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	4.3	**75,635**	(56,801)
Profit on bank deposits		**848**	1,186
Total Income		**96,742**	142,436
Operating expenses			
Remuneration of Management Company		**8,286**	8,803
Sales Tax on Management fee	8	**1,442**	1,634
Provision for indirect taxes and duties	9	**1,326**	1,409
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		**394**	418
Remuneration of Custodian - Central Depository Company of Pakistan Limited (CDC)		**228**	286
Auditors' remuneration		**69**	70
Legal and professional charges		**-**	4
Annual listing fee		**548**	477
Central Depository System charges		**161**	49
Fees and subscription		**73**	83
Securities transaction cost		**344**	1,761
Bank charges		**2**	6
Director's fee		**-**	40
Printing and postage		**-**	475
Provision for Workers' Welfare Fund (WWF)	6	**1,677**	2,538
Total Expenses		**14,550**	18,053
Net income before taxation		**82,192**	124,383
Taxation	7	**-**	-
Net income after taxation		**82,192**	124,383
Other comprehensive income for the period			
Reclassification adjustment for gain included in the income statement		**-**	(821)
Total comprehensive income for the period		**82,192**	123,562
		---------------- Rupees ---------	
Earnings per share		0.54	0.82

The annexed notes 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 FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	------ (Rupees in '000) ------	
Undistributed income brought forward	**905,705**	840,189
Net Income after taxation for the period	**82,192**	124,383
Final dividend for the year ended June 30, 2013 @ 22% (Rs. 1.10 per share)	**-**	(167,308)
Undistributed income carried forward	**987,897**	797,264

The annexed notes 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 FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	**82,192**	124,383
Adjustments for non-cash and other items		
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	**(75,635)**	56,801
Remuneration to Management Company	**8,286**	8,803
Dividend income	**(6,344)**	(6,478)
Remuneration of Custodian	**228**	286
	8,727	183,795
(Increase) / decrease in assets		
Receivable against sale of investments	**(9,973)**	835
Investments - net	**38,104**	2,104
Dividends and other receivables	**173**	(206)
	28,304	2,733
Increase / (decrease) in liabilities		
Payable against purchase of investments	**-**	(6,208)
Provision for Workers' Welfare Fund (WWF)	**1,677**	2,539
Accrued and other liabilities	**58**	18,192
	1,735	14,523
Net cash generated from operations	**38,766**	201,051
Remuneration paid to the Management Company	**(8,262)**	(8,744)
Remuneration paid to Custodian	**(225)**	(270)
Dividend received	**3,282**	2,097
Net cash generated from operating activities	**33,561**	194,134
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(6,694)**	(17,373)
Net increase in cash and cash equivalents	**26,867**	176,761
Cash and cash equivalents at the beginning of the period	**53,271**	34,468
Cash and cash equivalents at the end of the period	**80,138**	211,229

The annexed notes 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 FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Share Capital	General Reserves	Unrealised appreciation / (diminution) on re-measurement of investments classified as available for sale - net	Undistributed income	Total
	Rupees in '000'				
Balance as at June 30, 2013	760,492	500	821	840,189	1,602,002
Net income for the period	-	-	-	124,383	124,383
Other comprehensive income for the period	-	-	(821)	-	(821)
Total Comprehensive income for the first quarter ended September 30, 2013	-	-	(821)	124,383	123,562
Final dividend for the year ended June 30, 2013 @ 22% (Rs. 1.10 per share)	-	-	-	(167,308)	(167,308)
Balance as at September 30, 2013	760,492	500	-	797,264	1,558,256
Balance as at June 30, 2014	760,492	500	-	905,705	1,666,697
Net income for the period	-	-	-	82,192	82,192
Other comprehensive income for the period	-	-	-	-	-
Total Comprehensive income for the first quarter ended September 30, 2014	-	-	-	82,192	82,192
Balance as at September 30, 2014	760,492	500	-	987,897	1,748,889

The annexed notes 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 FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30,	
	2014	**2013**
	---------- (Rupees) ---------	
Net assets value per share at the beginning of the period	**10.96**	10.53
Capital gain on sale of investments - net	**0.09**	1.26
Dividend income	**0.04**	0.04
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	**0.50**	(0.37)
Profit on bank deposits	**0.01**	0.01
Net income for the period	**0.64**	0.94
Operating expenses	**(0.10)**	(0.12)
Final dividend for the year ended June 30, 2013 @ 22% (Rs. 1.10 per share)	**-**	(1.10)
Net assets value per share as at September 30	**11.50**	10.25

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

Imran Motiwala
Chief Executive Officer

Aurangzeb Ali Naqvi
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

1 STATUS AND NATURE OF BUSINESS

1.1 Golden Arrow Selected Stocks Fund Limited (the Company) was incorporated on May 09, 1983 in Pakistan as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984). The Company got registered as an investment company on April 29, 2005 under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC rules). The registered office of the Company is situated at 216 - 217, 2nd floor, Continental Trade Centre, Block 8, Clifton, Karachi. The Company is listed on the Karachi and Lahore Stock Exchanges. The Company is a closed-end mutual fund and its principal activity is to make investment in marketable securities.

1.2 The Company is 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 (PACRA) has assigned an asset manager rating of 'AM3' to the Management Company and Company performance ranking of "MFR 5-Star" to the Company.

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

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

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

The future operations of the Company are dependent on the outcome of the above referred Constitutional Petition. The management and the Company's legal Counsel are of the view that the scheme of Regulation 65 in the way, it has been framed, is not in accordance with the principles of Company Law as well as the Constitution of Pakistan. Furthermore, they are confident that the Honorable Sindh High Court will strike down Regulation 65 or direct SECP to devise a more practical implementation scheme. However, the management believes that, in the worst case scenario, the winding up of the Company will not have any material impact on the carrying amounts of assets and liabilities for the reason that such values are not materially different from the expected realisable / settlement amounts of the assets and liabilities of the Company. Accordingly, these financial statements have been prepared on a going concern basis.

2 STATEMENT OF COMPLIANCE

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

These condensed interim financial statements are unaudited.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2014.

4 INVESTMENTS

	Note	(Unaudited) September 30, 2014	(Audited) June 30, 2014
		-------- (Rupees in '000)	--------
Financial assets at fair value through profit or loss			
- Quoted equity securities - held for trading	4.1	**1,732,425**	1,694,894
Available for sale			
- Quoted equity securities	4.2	**3,295**	3,295
		1,735,720	1,698,189

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

Name of the Investee company	Number of shares					Balance as at September 30, 2014			Percentage in relation to		
	Opening Balance	Purchases during the period	Bonus / rights issue	Sales during the period	Closing balance	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
						-----------Rupees in '000'-----------					
SHARES OF LISTED COMPANIES - fully paid ordinary shares of Rs. 10 each unless stated otherwise											
OIL AND GAS											
Attock Refinery Limited	269,500	-	-	38,500	231,000	49,039	47,327	(1,712)	2.73	2.71	0.27
National Refinery Limited	51,400	-	-	51,400	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	119,700	-	-	-	119,700	46,546	43,146	(3,400)	2.49	2.47	0.07
						95,585	**90,473**	**(5,112)**			
CHEMICALS											
Archroma Pakistan Limited	140,580	-	-	-	140,580	46,259	61,448	15,189	3.54	3.51	0.03
Arif Habib Corporation Limited	210,000	-	-	-	210,000	5,847	5,319	(528)	0.31	0.30	0.62
Biafo Industries Limited	453,000	212,000	-	-	665,000	90,084	94,164	4,080	5.43	5.38	0.15
Dynea Pakistan Limited (Face value of Rs.5 each	895,233	-	-	-	895,233	40,295	40,178	(117)	2.31	2.30	4.48
Engro Corporation Limited	179,000	-	-	-	179,000	31,953	29,560	(2,393)	1.70	1.69	0.03
Engro Polymer & Chemicals Limited	250,000	-	-	-	250,000	3,383	2,963	(420)	0.17	0.17	1.32
Ghani Gases Limited	7,072	-	-	-	7,072	175	170	(5)	0.01	0.01	0.01
ICI Pakistan Limited	21,900	-	-	-	21,900	8,549	11,609	3,060	0.67	0.66	0.03
						226,545	**245,411**	**18,866**			
FORESTRY (PAPER AND BOARD)											
Century Paper and Board Mill Limited	116,017	-	-	-	116,017	6,184	6,285	101	0.36	0.36	0.08
Pakistan Paper Products Limited	-	63,000	-	-	63,000	3,364	3,812	448	0.22	0.22	1.05
						9,548	**10,097**	**549**			
INDUSTRIAL METALS AND MINING											
Huffaz Seamless Pipe Industries Limited	462,745	-	-	-	462,745	9,417	8,783	(634)	0.51	0.50	0.59
International Industries Limited	599,500	-	-	-	599,500	29,639	39,327	9,688	2.27	2.25	0.50
Siddiqsons Tin Plate Limited	2,005,000	-	-	-	2,005,000	14,276	13,554	(722)	0.78	0.78	3.61
						53,332	**61,664**	**8,332**			
CONSTRUCTION AND MATERIALS											
Akzo Nobel Pakistan Limited	39,500	40,000	-	-	79,500	14,499	15,215	716	0.88	0.87	0.17
Balochistan Glass Limited	110,000	-	-	-	110,000	715	594	(121)	0.03	0.03	0.06
Buxly Paints Limited	1,000	-	-	-	1,000	38	36	(2)	0.00	0.00	0.07
Dewan Cement Limited	7,009,500	-	-	-	7,009,500	51,310	45,492	(5,818)	2.62	2.60	1.80
Lafarge Pakistan Cement Limited	2,400,000	-	-	900,000	1,500,000	23,970	24,765	795	1.43	1.42	0.10
Shabbir Tiles & Ceramics Limited	270,682	-	-	-	270,682	2,233	3,245	1,012	0.19	0.19	0.18
(Face value Rs 5 each)						**92,765**	**89,347**	**(3,418)**			
GENERAL INDUSTRIALS											
Cherat Packaging Limited	61,499	-	-	-	61,499	4,566	4,458	(108)	0.26	0.25	0.22
Merit Packaging Ltd.	895,657	-	-	-	895,657	16,892	18,845	1,953	1.09	1.08	2.22
Macpac Films Limited	727,129	-	-	-	727,129	12,303	11,554	(749)	0.67	0.66	1.87
Thal Limited (Face value Rs 5 each)	189,700	11,500	-	-	201,200	41,893	48,489	6,596	2.79	2.77	0.25
						75,654	**83,346**	**7,692**			
ELECTRONIC AND ELECTRIC GOODS											
Pakistan Cables Limited	114,500	5,800	-	-	120,300	11,950	13,053	1,103	0.75	0.75	0.42
						11,950	**13,053**	**1,103**			
ENGINEERING											
K.S.B. Pumps Company Limited	218,000	-	-	-	218,000	18,258	23,243	4,985	1.34	1.33	1.65
						18,258	**23,243**	**4,985**			

Name of the Investee company	Number of shares: Opening Balance	Purchases during the period	Bonus / rights issue	Sales during the period	Closing balance	Balance as at September 30, 2014: 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'-----------					
INDUSTRIAL TRANSPORTATION											
Pakistan National Shipping Corporation	198,808	-	-	198,808	-	-	-	-	-	-	-
						-	**-**	**-**			
TECHNOLOGY HARDWARE AND EQUIPMENT					-						
TPL Trakker Limited	8,102,000	-	-	1,311,500	6,790,500	56,293	65,596	9,303	3.78	3.75	3.13
						56,293	**65,596**	**9,303**			
SUPPORT SERVICES					-						
TRG Pakistan Limited	11,184,060	765,000	-	-	11,949,060	165,856	138,012	(27,844)	7.95	7.89	3.10
TRG Pakistan Limited (LOR)	-	1,750,543	-	-	1,750,543	-	2,451	2,451	0.14	0.14	2.92
						165,856	**140,463**	**(25,393)**			
AUTOMOBILE AND PARTS											
Atlas Battery Limited	16,396	-	-	-	16,396	7,378	9,390	2,012	0.54	0.54	0.02
Atlas Honda Limited	145,151	-	-	-	145,151	33,372	41,995	8,623	2.42	2.40	1.87
Exide Pakistan Ltd.	43,461	-	-	-	43,461	19,820	43,461	23,641	2.50	2.49	0.03
General Tyre & Rubber Co. of Pakistan Limited	152,892	-	-	-	152,892	12,346	15,551	3,205	0.90	0.89	0.88
Honda Atlas Cars (Pakistan) Limited	10,000	-	-	-	10,000	931	1,406	475	0.08	0.08	0.02
						73,847	**111,803**	**37,956**			
BEVERAGES											
Murree Brewery Company Limited	3,800	-	-	-	3,800	3,571	3,977	406	0.23	0.23	0.02
						3,571	**3,977**	**406**			
FOOD PRODUCERS											
Colony Sugar Mills Limited	378,000	-	-	-	378,000	2,873	2,657	(216)	0.15	0.15	0.38
Habib - ADM Limited (Face value of Rs 5 each)	74,889	-	-	-	74,889	2,599	2,616	17	0.15	0.15	0.19
JDW Sugar Mills Limited	11,573	-	-	-	11,573	2,284	2,372	88	0.14	0.14	0.02
Noon Sugar Mills Limited	1,215,091	-	-	-	1,215,091	29,162	28,652	(510)	1.65	1.64	7.36
Punjab Oil Mills Limited	99,000	-	-	-	99,000	10,374	8,910	(1,464)	0.51	0.51	1.84
Quice Food Industries Limited	290,500	222,500	-	-	513,000	3,983	3,637	(346)	0.21	0.21	1.21
Sanghar Sugar Mills Limited	14,890	-	-	-	14,890	381	380	(1)	0.02	0.02	0.12
Shahtaj Sugar Mills Limited	24,537	-	-	-	24,537	1,963	1,963	-	0.11	0.11	0.20
Shakarganj Mills Limited	4,646,502	152,000	-	-	4,798,502	81,051	72,985	(8,066)	4.20	4.17	6.90
Tandlianwala Sugar Mills Limited	5,356	-	-	-	5,356	289	231	(58)	0.01	0.01	-
						134,959	**124,403**	**(10,556)**			
PERSONAL GOODS (TEXTILE)											
Crescent Fibres Limited	42,000	-	-	-	42,000	1,249	1,397	148	0.08	0.08	0.34
Dawood Lawrencepur Limited	62,159	-	-	-	62,159	7,273	7,250	(23)	0.42	0.41	0.11
Fazal Cloth Mills Limited	12,406	-	-	-	12,406	1,923	1,822	(101)	0.10	0.10	0.04
Rupali Polyester Limited	12,701	-	-	-	12,701	214	200	(14)	0.01	0.01	0.04
Din Textile Mills Limited	54,729	-	-	-	54,729	6,536	5,537	(999)	0.32	0.32	0.24
Ellcot Spinning Mills Limited	835,554	-	-	-	835,554	61,789	73,529	11,740	4.24	4.20	7.63
Fazal Textile Mills Limited	22,800	-	-	-	22,800	18,240	18,092	(148)	1.04	1.03	0.37
Ishaq Textile Mills Limited	6,500	-	-	-	6,500	144	126	(18)	0.01	0.01	0.07
Island Textile Mills Limited	37,850	1,550	-	-	39,400	33,913	33,776	(137)	1.95	1.93	7.88
Prosperity Weaving Mills Limited	84,591	-	-	-	84,591	3,468	4,304	836	0.25	0.25	0.46
Saif Textile Mills Limited	181,500	-	-	-	181,500	4,646	5,082	436	0.29	0.29	0.69
Sapphire Fibres Limited	47	-	-	-	47	14	17	3	0.00	0.00	-
Service Industries Limited	53,288	-	-	2,900	50,388	24,942	42,503	17,561	2.45	2.43	0.42
ZIL Limited	115,155	-	-	-	115,155	11,976	10,606	(1,370)	0.61	0.61	1.88
						176,327	**204,241**	**27,914**			

Name of the Investee company	Number of shares					Balance as at September 30, 2014			Percentage in relation to		
	Opening Balance	Purchases during the period	Bonus / rights issue	Sales during the period	Closing balance	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
						Rupees in '000'					
FIXED LINE TELECOMMUNICATION											
PAK Datacom Limited	654,031	-	-	-	654,031	50,033	53,990	3,957	3.11	3.09	6.67
Telecard Limited	2,268,500	-	-	-	2,268,500	9,346	9,187	(159)	0.53	0.53	0.76
WorldCall Telecom Limited	2,752,000	-	-	-	2,752,000	5,752	5,311	(441)	0.31	0.30	0.32
						65,131	**68,488**	**3,357**			
ELECTRICITY											
Sitara Energy Limited	263,151	-	-	-	263,151	8,881	9,460	579	0.55	0.54	1.38
						8,881	**9,460**	**579**			
MEDIA											
Hum Network Limited	211,000	28,000	-	-	239,000	25,800	31,046	5,246	1.79	1.78	0.25
						25,800	**31,046**	**5,246**			
MULTIUTILITIES (GAS AND WATER)											
Sui Northern Gas Pipelines Limited	1,007,050	650,000	-	-	1,657,050	38,078	35,262	(2,816)	2.03	2.02	0.26
Sui Southern Gas Company Limited	2,895,500	-	-	-	2,895,500	106,149	83,448	(22,701)	4.81	4.77	0.33
						144,227	**118,710**	**(25,517)**			
COMMERCIAL BANKS											
Askari Bank Limited	589,792	-	-	-	589,792	11,212	12,710	1,498	0.73	0.73	0.05
Bank Al-Falah Limited	541,500	-	-	-	541,500	14,891	15,368	477	0.89	0.88	0.10
Bank Al-Habib Limited	314,600	-	-	-	314,600	14,151	14,242	91	0.82	0.81	0.66
BankIslami Pakistan Limited	506,500	-	-	-	506,500	4,994	5,050	56	0.29	0.29	0.03
BankIslami Pakistan Limited (LOR)	-	45,956	-	-	45,956	-	46	46	0.00	0.00	-
Habib Bank Limited	382,690	-	-	114,500	268,190	51,973	56,100	4,127	3.23	3.21	0.03
Habib Metropolitan Bank Limited	513,382	-	-		513,382	16,526	16,172	(354)	0.93	0.92	-
NIB Bank Limited	4,372,955	-	-		4,372,955	9,752	9,139	(613)	0.53	0.52	0.41
Summit Bank Limited	11,628,659	-	-	-	11,628,659	38,956	35,816	(3,140)	2.06	2.05	1.05
						162,455	**164,643**	**2,188**			
NON LIFE INSURANCE											
Adamjee Insurance Company Limited	200,000	100,000	-	-	300,000	13,986	14,346	360	0.83	0.82	0.24
Askari General Insurance Company Limited	526,000	-	-	-	526,000	9,205	12,230	3,025	0.70	0.70	1.35
Century Insurance Company Limited	451,312	-	-	-	451,312	7,406	8,755	1,349	0.50	0.50	0.13
Habib Insurance Company Limited (Face value of Rs 5 each)	311,250	-	-	-	311,250	4,809	5,587	778	0.32	0.32	0.80
TPL Direct Insurance Company Limited	1,018,000	-	-	-	1,018,000	13,030	24,432	11,402	1.41	1.40	2.21
						48,436	**65,350**	**16,914**			
FINANCIAL SERVICES											
First Capital Securities Corporation Limited	317,605	-	-	-	317,605	784	702	(82)	0.04	0.04	0.10
						784	**702**	**(82)**			
HEALTH CARE EQUIPMENT AND SERVICES											
Shifa International Hospitals	269,000	-	-	269,000	-	-	-	-	-	-	-
						-	**-**	**-**			
TRAVEL AND LEISURE											
Pakistan Services Limited	13,400	-	-	-	13,400	6,584	6,907	323	0.40	0.39	0.04
						6,584	**6,907**	**323**			
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 September 30, 2014						**1,656,790**	**1,732,425**	**75,635**			
Total listed equity securities as at June 30, 2014						**1,434,991**	**1,694,894**	**259,904**			

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

Name of the investee company	Note	------ Number of shares ------					Balance as at September 30, 2014			Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation investee paid-up capital
		Opening balance	Purchases during the period	Bonus / rights issue	Sales during the period	Closing balance	Carrying Cost	Market value	Appreciation / (diminution)			
							---------- (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	-	0.00	0.00	0.00
General industrials												
Siemens Engineering (Pakistan) Limited		12,500	-	-	12,500	-	-	-	-	-	-	-
Total listed equity securities as at September 30, 2014							**3,295**	**3,295**	**-**			
Total listed equity securities as at June 30, 2014							**3,295**	**3,295**	**-**			

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 break-up value as per latest available audited financial statements. The break-up value (per share of Security Leasing Corporation Limited) as per the financial statements for the year ended June 30, 2009 is Rs.5.44, which is lower than the face value. Further, the break-up value of shares as per the financial statements of the company for the nine months ended March 31, 2010 is Rs.1.15. Therefore, the redemption of 500,000 shares due on November 30, 2009 have been valued at Rs.5.44 per share and the remaining shares have been valued at Rs.1.15 per share. Negotiations are currently underway with the investee company to recover the outstanding amount of preference shares.

		Note	Unaudited September 30, 2014	Audited June 30, 2014
			-------- (Rupees in '000) --------	
4.3	**Unrealised appreciation on re-measurement of investments classified as 'fair value through profit or loss' - net**			
	Market value of securities	4.1	**1,732,425**	1,694,894
	Less: carrying cost of securities	4.1	**1,656,790**	1,434,991
			75,635	259,903
4.4	**Unrealised appreciation on re-measurement of investments classified as ' available for sale ' - net**			
	Market value of securities	4.2	**3,295**	3,295
	Less: Cost of securities	4.2	**3,295**	3,295
			-	-

5 CONTIGENCIES AND COMMITMENTS

There were no Contigencies and Commitments as at September 30, 2014 and June 30, 2014.

6 PROVISION FOR WORKERS' WELFARE FUND

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

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member Lahore High Court (LHC) bench judgment issued in August 2011.

Further, in May 2014, the Honorable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

In view of the aforementioned developments during the period, the Management Company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs 44.366 million (June 30, 2014: Rs 42.689 million) in these financial statements. Had this provision not been made the net asset value would have increased by Re 0.292 (2.54%) per share (June 30, 2014: Re 0.281 (2.56%) and the net income for the year would have increased by Re 0.011 (2.04%) per share (June 30, 2014: Re 0.099 (2.05%) per share).

7 TAXATION

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

8 SALES TAX ON MANAGEMENT FEE

Sindh sales tax at the rate of 15% on gross value of management fee including FED is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

9 PROVISION FOR INDIRECT TAXES AND DUTIES

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

10 TRANSACTIONS WITH CONNECTED PERSONS/ RELATED PARTIES

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

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

	Quarter ended September 30,	
10.1 Transactions during the period	**2014**	**2013**
	---------Rupees in '000'---------	
AKD Investment Management Limited		
Remuneration to Management Company	**8,286**	8,803
AKD Securities Limited - Group Company		
Sale of shares of various companies	**11,166**	3,776
Purchase of shares of various companies	**-**	78,420
Brokerage	**14**	106
Central Depository Company of Pakistan Limited (Custodian)		
Fee charged during the period (including transaction charges)	**389**	335
AKD Opportunity Fund		
Purchase of shares	**15,269**	-
Aqeel Karim Dhedhi Securities (Private) Limited		
Purchase of shares	**28,667**	-

	(Un-audited) September 30, 2014	(Audited) June 30, 2014
10.2 Transactions outstanding at the period / year end	--------(Rupees in '000')--------	
AKD Investment Management Limited - Management Company		
Remuneration payable	**2,808**	2,760
Sales Tax on Management fee	**488**	512
Provision for indirect taxes and duties	**7,191**	5,865
Others	**600**	600
Shares in issue (No. of shares: September 30, 2014: 34,915,395; June 30, 2014: 34,915,395)	**174,577**	174,577
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Shares in issue (No. of shares: September 30, 2014 : 2,092,812; June 30, 2014: 2,092,812)	**10,464**	10,464
AKD Securities Limited		
Shares in issue (No. of shares: September 30, 2014; 2,889 June 30, 2014: 2,889)	**14**	14
Brokerage Payable	**14**	9
AKD Investment Management Limited Staff Provident Fund		
Shares in issue (No. of shares: September 30, 2014, 601,046; June 30, 2014: 601,046)	**3,005**	3,005
Oil & Gas Investment Limited - Group Company		
Shares in issue (No. of shares: September 30, 2014: 2,200,000; June 30, 2014: 2,200,000)	**11,000**	11,000
Directors of the Company		
Shares of the Company held (No. of shares: September 30, 2014: 6,649,861; June 30, 2014: 6,649,861)	**33,249**	33,249
Key Management Personnel of the Company		
Shares of the Company held (No. of shares: September 30, 2014: 135,622; June 30, 2014: 135,622)	**678**	678
Central Depository Company of Pakistan Limited (Custodian)		
Fee payable (including transaction charges)	**88**	85

11 CORRESPONDING FIGURES

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

12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 29, 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.

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