

Golden Arrow
SELECTED STOCKS FUND LIMITED

2011



annual report

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Experience**



Managed by: AKD Investment Management Ltd.

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Company Information

BOARD OF DIRECTORS

Chairman

Mr. Ahmed Abdul Sattar

Chief Executive Officer

Mr. Imran Motiwala

Directors

Mr. Taufique Habib

Ms. Ayesha Aqeel Dhedhi

Mr. Muhammad Amin Hussain

Mr. M. Ramzan Sheikh

Ms. Parveen Akhtar Malik

COMPANY SECRETARY & CFO

Mr. Muhammad Amin Hussain

AUDIT COMMITTEE

Mr. Taufique Habib (Chairman)

Miss Parveen Akhtar Malik (Member)

Miss Ayesha Aqeel Dhedhi (Member)

Mr. Rashid Ahmed (Secretary)

MANAGEMENT COMPANY

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

INTERNAL AUDITORS

Rafaqat Mansha Mohsin

Dossani Masoom & Co.

Chartered Accountants

Suite 113, 3rd Floor,

Hafeez Centre, KCHS,

Block 7 & 8, Shahrah-e-Faisal,

Karachi-75350

CUSTODIAN

Central Depository Company
of Pakistan Limited

CDC House 99-B, Block 'B'

S.M.CH.S., Main Shahra-e-Faisal,
Karachi-74400.

AUDITORS

A.F. Ferguson & Co.

Chartered Accountants

State Life Building No. 1-C

I.I. Chundrigar 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

Gangjees Registrar Services (Pvt.) Ltd.

516, Clifton Centre, Khayaban-e-Roomi,

Kehkashan, Block-5, Clifton, Karachi.

Tel: 35375714 - 35836920

RATING

JCR-VIS: MFR 4-Star (3-year period)

JCR-VIS: MFR 4-Star (2-year period)

JCR-VIS: MFR 4-Star (1-year period)

MANAGEMENT COMPANY

JCR-VIS: AM3 (AM-Three)

Mission Statement

To set a standard of investing in better performing and result oriented securities by adopting best business practices and ethics.

Vision

To be a leading investment Company in financial industry with diversifying its business activities by good asset allocation and generating better financial results and yield to the stakeholders.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting of Golden Arrow Selected Stocks Fund Ltd will be held on Wednesday, 21 September 2011 at 09:00 a.m. at The Institute of Chartered Accountants of Pakistan Auditorium, Chartered Accountants Avenue, Clifton, Karachi to transact the following business: -

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on October 29, 2010.
2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended June 30, 2011.
3. To approve the payment of final cash dividend @ 15% i.e. Re. 0.75 per share of Rs.5/- each for the year ended June 30, 2011, as recommended by the Board of Directors.
4. To appoint Auditors of the Company and to fix their remuneration for the year ending June 30, 2012. In order to comply with the requirements of Regulation 53 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 the Audit Committee has recommended the appointment of M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, as the Auditors for the year ending June 30, 2012, as the retiring Auditors M/s. A. F. Ferguson & Co., Chartered Accountants, have been the auditors of the Company for five consecutive years.
5. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Muhammad Amin Hussain
Company Secretary

Karachi: August 9, 2011

Notes:

1. The share transfer books of the Company will remain closed from September 14, 2011 to September 21, 2011 (both days inclusive). Physical scrips transfers / CDS transaction IDs received in order at the office of Share Registrar Gangjees Registrar Services (Pvt) Limited, 516, Clifton Centre, Khayaban-e-Roomi, Kehkashan, Block-5, Clifton, Karachi at the close of the business day on September 13, 2011 will be treated in time for the entitlement to dividend and attend the Annual General Meeting.
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another member of the Company as his / her proxy to attend, speak and vote instead of him / her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies, in order to be effective, must be duly completed and signed and received at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Shareholders are requested to notify any change in their address immediately to the Share Registrar, Gangjees Registrar Services (Pvt) Limited.

CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No 1 of 2000 dated 26 January 2000 issued by Securities & Exchange Commission of Pakistan.

A. For attending the meeting:

1. In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
2. In case of corporate entity the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing of proxies:

1. In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the regulations shall submit the proxy form as per requirement.
2. The proxy form will be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the forms.
3. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
5. In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.

DIRECTORS' REPORT

The Board of Directors of Golden Arrow Selected Stocks Fund Limited (GASSFL) is pleased to present its report along with the financial statements of the Company for the fiscal year ended June 30, 2011.

COMPANY'S FINANCIAL PERFORMANCE

For the year ended June 30, 2011, GASSFL posted a return of 14.67% versus KSE-100 Index return 28.53%, an underperformance of 13.86% viz-a-viz its Benchmark.

Nevertheless, despite the above, GASSFL posted a profit of PkR 123.33 million via realized gain and unrealized loss on the investment portfolio versus a gain of PkR 140.61 million in 2010. As a result the NAV/Share of the Fund as at June 30, 2011 rose to PkR 6.33 versus PkR 5.52 (Ex NAV) as at June 30, 2010 indicating a growth of 14.67%.

INVESTMENT STRATEGY

The management of GASSFL, after consideration of the global and domestic macro environment and market fundamentals, has positioned the Company to take advantage of investment opportunities in the medium to long-term. 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.

ECONOMIC REVIEW & OUTLOOK

In FY11, the domestic macroeconomic landscape was affected by floods and related fiscal slippages, which slowed down the pace of economic recovery and stability gained in FY10. However, on the positive side, higher commodity prices drove agriculture incomes, which aided rural demand and helped the domestic economy. External sector performance was also impressive during the year, buoyed by price-led export growth of 28% and remittance growth of 25%. As a result, a Balance of Payments (BoP) surplus FY11 lent support to the currency position.

Inflation was hovering above 15% level in 1H-FY11, but moderated in the latter part of the year, to average out at 13.92%. The lower inflation number allowed SBP to reduce the discount rate by 50 basis points in July-2011, with further reductions on the cards. The reduction in discount rate bodes well for the equity markets, which has been suffering from high yield on debt instruments. However, long-term investors should be cognizant of the fact that these high interest yields on debt instruments are not sustainable and will come down, positively impacting the equities market as well as the broader domestic economy.

On the global economic front, the resolution of US debt ceiling is a positive development for the near-term. However, the crisis in euro zone will continue to keep international investors cautious on emerging markets and equity as an asset class. We believe, Pakistan with its strong domestic demand story will continue to be on the radar screen for international investors, and improvements on the global and domestic macro environment should bode well for the domestic equity markets. We believe that FY12 would be a good year for the domestic equity market.

EQUITY MARKET REVIEW & OUTLOOK

The benchmark KSE-100 Index closed FY2011 at 12,496 points, gaining 28.53% YoY. Foreign portfolio investments for the year were US\$280mn. Although overall market gains are impressive, only four sectors (Food Producers, Metals & Mining, Beverages and Chemicals) outperformed the KSE-100 Index in FY11, indicating that the index rally was very narrow in nature. The key index heavy weights sectors such as Oil & Gas and Banks underperformed the KSE-100 Index by 11% and 22% respectively. Similarly, performance of cyclical sector such as Construction & Material (Cement) and Automobiles & Parts remained below par. Currently, the KSE-100 trades at forward price to earnings ratio of 7x, which is a discount of 42% to the region vs. a historical average discount of 35%. Furthermore, considering that the market rally in FY11 has been driven by only a few stocks. We believe the underperformers of FY11 could become the outperformers in FY12. Going forward, the triggers for market performance is likely to be successful outcomes from upcoming Pakistan-IMF talks, further reduction in discount rates and potential monetary easing ahead of the region. Any relief on capital gain tax could provide further impetus to the market. We remain invested in fundamentally strong sector and stocks and have constructed the portfolio to benefit from the above expected events.

STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- 1) The financial statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- 2) Company has maintained proper books of accounts.
- 3) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
- 4) In preparation of financial statements International Accounting Standards, as applicable in Pakistan, have been followed and any departure, if any, has been adequately disclosed.
- 5) The existing system of internal control is sound in design and has effectively implemented. The existing system of internal control and other procedures is being continuously reviewed by Internal Auditor. The process of review will continue and any weakness in controls will have immediate attention of the Management.
- 6) There are no doubts upon the Company's ability to continue as a going concern.
- 7) The Corporate Governance regulations, as detailed in the listing regulations, have been fully complied.
- 8) No statutory payment on account of taxes, duties, levies and charges is outstanding towards the company other than as disclosed in the financial statements.
- 9) The Statement showing the Attendance of Directors in BOD meetings is as under:

Name of Director	Total No. of Meetings Held	Meetings Attended
Mr. Ahmed Abdul Sattar	4	4
Mr. Imran Motiwala	4	4
Mr. Nadeem Naqvi	4	3
Mr. Taufique Habib	4	4
Miss Ayesha Aqeel Dhedhi	4	3
Mr. M. Ramzan Sheikh	4	1
Miss Parveen Akhter Malik	4	1

There were no trades carried out in the shares of the Company carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children.

RATING OF GOLDEN ARROW SELECTED STOCKS FUND LIMITED

JCR-VIS has assessed the performance ranking of Golden Arrow Selected Stocks Fund Limited (GASSFL) for the period December 31, 2010 at 'MFR 4-Star', very good performance' vis-à-vis other closed-end mutual funds based on 2-year period.

PATTERN OF SHAREHOLDING

The detailed pattern of shareholding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is enclosed.

KEY FINANCIAL DATA AT A GLANCE

Key Financial Data for last six years at a glance is enclosed.

INVESTMENT POLICY

General nature of the business transacted and to be transacted by the Company will be the investing of its assets in securities. The purpose of the Company is to provide a vehicle whereby investors can invest their funds in securities under the directions of AKD Investment Management Limited, subject to the general control and directions of the Board of Directors. The object of the Company is to achieve superior results through a combination of investment strategies, which includes investing in high quality growth stocks, stocks that offer deep value and high dividend paying scripts. Although the Company's fund may be invested primarily in ordinary stocks, it may also take a significant position in other securities listed on a stock exchange (e.g. debentures, participation terms certificate, modaraba certificate etc.) from time to time to protect against capital losses when the stock market appears vulnerable. Selection of securities for the portfolio will be based, as far as possible, on their potential capital appreciation possibilities.

The Company's investment policy, with its emphasis on investing in securities for their potential capital appreciation possibilities, may involve a substantially greater portion of the portfolio for capital gains.

APPOINTMENT OF AUDITORS

The present auditors, Messers A. F. Ferguson & Co., Chartered Accountants are retiring and have completed their five years as auditors of the Company. As per the requirements of the Code of Corporate Governance the auditors have to be changed this year. The Board has proposed the appointment of Messers Ford Rhodes Sidat Hyder & Co., Chartered Accountants on the recommendation of Audit Committee subject to approval of the shareholders in the Annual General Meeting.

ACKNOWLEDGEMENTS

The directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, the Ministry of Finance, the State Bank of Pakistan and the managements of the Stock Exchanges for their support to mutual fund community as a whole and our custodian M/s Central Depository Company for their cooperation and support to us. The board also appreciates the devoted work performed by the staff and officers of the company and the shareholders for their confidence in the Company and their continued support and blessings.

For and on behalf of the Board

Karachi: August 9, 2011

Imran Motiwala
Chief Executive Officer

FUND MANAGER'S REPORT

PERFORMANCE REVIEW FOR THE YEAR ENDED JUNE 30, 2011

Golden Arrow Selected Stocks Fund Limited (GASSFL) posted a return of 14.67% versus the benchmark KSE-100 return of 28.53%, thus underperforming the benchmark. The major underperformance was due to the underweight stance in the Food Producers sector which outperformed the KSE - 100 Index. Additionally, the over weight stance in the Support Services sector with a return of -38% underperformed the KSE - 100 index. This put together resulted in the under performance of GASSFL versus the KSE - 100 Index. It is apparent from this that the index movement for the outgoing financial year was somewhat distort on the back of Nestle Pakistan Limited appreciating by an unprecedented 225% on negligible volumes contributing 26% to the index appreciation. In addition, index heavyweights outperformed, while out of index plays like textiles although posting phenomenal results were unable to capture market attention they deserved.

That said keeping in view GASSFL's portfolio remains in line with its core investment philosophy of focusing on long-term value accreditation with a regular flow of dividend. Following table shows the weighting deviations from the benchmark for key sector exposures of the Fund and indicates where significant over / underperformance can be attributed.

Sector	June-10		O/U Weight*		KSE-100 Sector Performance (July 10 to June 11)
	GASSFL Weight	KSE-100 Weight			
Banks	19.01%	23.28%	-4.27%	U-Weight	6.53%
Personal Goods	16.13%	1.90%	14.23%	O-Weight	34.97%
Chemicals	12.18%	8.49%	3.69%	O-Weight	63.67%
Gas Water and Multiutilities	9.99%	1.06%	8.93%	O-Weight	11.08%
Support Services	7.91%	0.06%	7.85%	O-Weight	37.41%

* O/U : Over / Under Weight

Despite the SBP maintaining a tight monetary stance throughout the preceding year, the central bank reduced the discount rate by 50bps to 13.50% in its monetary policy statement for July 2011, which came as a pleasant surprise for all participants. Interestingly the SBP Governor's resignation prior to the monetary policy coupled with upcoming IMF negotiations to resume its stalled funding facility, a rate cut now was very unlikely. The SBP stated the main reasons behind this move included the decline in average CPI inflation compared to earlier projections and a gradual buildup in foreign reserves.

The decline in CPI inflation outlook was supported by the containment of government borrowing from the SBP. Although reduced government borrowing is a positive, the reality is that the government was not able to do this as a result of an increase in revenues or a decline in non-productive expenditures; rather a shifting from the SBP to scheduled banks. Regrettably this has kept the fiscal situation aggravated as private sector borrowing remains on the decline. Tax collections for the fiscal period remained slow throughout the year and despite cuts from the original budgeted amount; the tax collection remained below the initial target of Rs. 1,667 bn and stood at Rs. 1,550bn at the end of FY11. This amount was also aided by austerity tax measures (i.e. flood surcharge) taken by the government in the month of March; supported by administrative steps to improve tax compliance.

The foreign exchange reserves of the country touched an all time peak of \$18.243bn by the end of FY11 which was supported by record exports of \$25.5bn and inward home remittances that stood at \$11.2bn. The exports were primarily on the higher side due to the increase in international commodity prices especially cotton prices which boded very well for the textile sector. These

numbers could have been relatively better; however, due to infrastructural weaknesses especially the non-availability of electricity and gas, hurt capacity utilizations as exporters remained cautious when booking export orders. Remittances have been playing a more significant role in our economy over the years and they did not disappoint this year either, with the last four months witnessing an inflow over a billion dollars each month with June being the highest touching \$1.1bn.

Needless to say, despite all time low interest rates and various stimulus packages launched around the world, the global economy remained fragile. Major global economies especially the US were still struggling to avert a debt crisis which could trigger another major recession. There are hard times in Europe as well as major economies still fall short of independently sorting out their debt issues and are looking for the European Union which is facing problems of their own for a solution. With the size of the US economy and the dollarization of the global economy the implications of a US debt default can have far reaching consequences that most would ideally avoid even contemplating. Additionally the turmoil in the Middle East and North Africa (MENA) region and the damage to the Japanese economy in the wake of an historic earthquake and tsunami has aggravated the situation further.

With the current situation of the global economy, prices of commodities are expected to remain volatile; however, global crude oil prices may not sustain current levels as economic growth expectations subside. Considering approximately a third of Pakistan's total imports is represented by oil and oil products a decrease in prices of crude oil is expected to be a major positive. Another key positive expected this coming year is higher agricultural production following the devastating floods of 2010, which have improved tube wells and rejuvenated land.

The Government in the recent past has shown its seriousness towards improving the health of the economy. Steps such as those taken in the month of March 2011 to increase tax revenue generation for the fiscal year 11, containment of the government borrowing from the SBP during FY 11 and reduction of subsidies are measures that the government has taken in this regard.

On the political front, as expected as the general elections approach the situation shall remain more volatile than usual. The MQM that has finally positioned itself on the opposition benches remains entangled in Karachi violence and failing to stabilize its own constituent. Besides it seems the largest opposition party the PML-N is also making its moves with a mandate of mid-term elections prior to the forth coming Senate Elections in March 2012. Under the current political situation it is likely that the ruling PPP will easily achieve a favorable majority in the Senate boding unwell politically for the PML-N at least for the next five years.

Given the above risk, the Investment Committee will closely monitor the macroeconomic and political environment in order to make any significant portfolio changes if and when deemed necessary. We believe the Pakistani stock market would remain volatile during FY12 which would provide opportunities for the fund. Investors in equities should invest cautiously during FY12.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the requirements of the Code of Corporate Governance as contained in Chapter XI of the listing regulations of the Karachi and Lahore Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance as follows:

- 1) The Company encourages representation of independent non-executive directors. At present the Board has four independent non-executive directors.
- 2) The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
- 3) All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of the stock exchange, has been declared as a defaulter by that stock exchange.
- 4) During the year one casual vacancy occurred in the Board which was duly filled within 30 days.
- 5) The Company being an investment company has adopted the 'Statement of Ethics and Business Practices' of its Management Company. This statement is signed by all the directors of the Company.
- 6) The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.
- 8) The Management Company has already appointed Chief Financial Officer / Company Secretary for the Company under its management including their remuneration and terms and conditions of employment as determined by CEO.
- 9) The meetings of the Board were presided over by the Chairman. The Board met once in every quarter during the year ended June 30, 2011. Written notices of the Board Meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 10) The Directors have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance, Prudential Regulations, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the Company and the Funds and are aware of their duties and responsibilities.
- 11) The Directors' Report for the year ended June 30, 2011 has been prepared in compliance with the requirements of the Code of Corporate Governance.

- 12) The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
- 13) The Directors, CEO, CFO, Company Secretary and their spouses and minor children neither executed any trade nor hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.
- 14) The Company has complied with all the significant corporate and financial reporting framework requirements of the Code.
- 15) The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors.
- 16) The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company. The terms of reference of the committee have been framed, approved by the Board and advised to the committee for compliance.
- 17) The Management Company has outsourced the internal audit function of the Company to M/s Rifaqat Mansha Mohsin Dosani & Co., Chartered Accountants, Karachi, who are considered suitably qualified and experienced for the purpose and well conversant with the policies and procedures of the Company.
- 18) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 19) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 20) The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions. Majority of the related party transactions of the Company are governed under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the transactions which are not governed under the said regulations are carried at arm's length prices.
- 21) We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Karachi: August 9, 2011

Imran Motiwala
Chief Executive Officer

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Golden Arrow Selected Stocks Fund Limited** to comply with the requirements of Chapter XI of the Listing Regulations of The Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, sub-Regulation (xiii a) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide notice KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. All such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

Karachi
Dated: August 18, 2011

A.F. Ferguson & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of assets and liabilities of **Golden Arrow Selected Stocks Fund Limited** as at June 30, 2011 and the related income statement, distribution statement, cash flow statement, statement of changes in equity and statement of movement in equity and reserves - 'per share' together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the management company to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards, the requirements of the Companies Ordinance, 1984 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - i) the statement of assets and liabilities and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of assets and liabilities, income statement, distribution statement, cash flow statement, statement of changes in equity and statement of movement in equity and reserves - 'per share' together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the income, its distributions, its cash flows, changes in equity and movement in equity and reserves - 'per share' and transactions for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi: August 18, 2011

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Rashid A. Jafer

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2011

	Note	2011 Rupees in '000'	2010
ASSETS			
Bank balances	4	10,047	9,898
Receivable against sale of investments		60,205	91
Investments	5	936,117	968,766
Dividend and other receivables	6	3,832	819
Security deposit	7	2,750	2,500
Total Assets		1,012,951	982,074
LIABILITIES			
Payable against purchase of investments		32,427	199
Remuneration payable to Management Company	8	2,161	2,095
Accrued expenses and other liabilities	9	6,973	4,564
Unclaimed dividend		8,322	6,753
Total Liabilities		49,883	13,611
NET ASSETS		963,068	968,463
SHARE HOLDER'S EQUITY			
Authorised capital			
250,000,000 (June 30, 2010: 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, 2010: 152,098,344) ordinary shares of Rs 5 each	10	760,492	760,492
General reserves		500	500
Unrealised appreciation on re-measurement of investments classified as 'available-for-sale' - net		6,233	5,675
Undistributed income		195,843	201,796
		963,068	968,463
		(Rupees)	
NET ASSETS VALUE PER SHARE	11	6.33	6.37
CONTINGENCIES AND COMMITMENTS	12		

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

Imran Motiwala
Chief Executive Officer

Taufique Habib
Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees in '000'	2010
Income			
Capital gain on sale of investments - net	13	102,727	174,913
Dividend income		48,649	43,545
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	(10,459)	(64,499)
Unrealised gain on letter of rights	5.7	948	-
Income on term finance certificates		7,389	13,164
Profit on bank deposits		1,033	12,628
Other Income		393	-
Total Income		150,680	179,751
Operating expenses			
Impairment loss on investments classified as 'available for sale' - net		-	6,871
Remuneration of Management Company	8	19,661	20,095
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		934	955
Remuneration of Custodian - Central Depository Company of Pakistan Limited (CDC)		590	705
Auditors' remuneration	14	318	325
Legal and professional charges		14	48
Annual listing fee		197	145
Central Depository System charges		138	341
Fees and subscription		401	330
Securities transaction cost		1,636	5,491
Bank charges		7	17
Director's fee		65	90
Printing and postage		802	712
Provision for Workers Welfare Fund	9.2	2,517	2,870
Advertisement		69	151
Total Expenses		27,349	39,146
Net income before taxation		123,331	140,605
Taxation	15	-	-
Net income after taxation		123,331	140,605
Other comprehensive income:			
Unrealised appreciation arising during the year on re-measurement of investments classified as 'available for sale' - net		558	269
Reclassification adjustment for net gain realised on disposal of available-for-sale investments		-	(4,821)
Reclassification adjustment for impairment loss on available-for-sale investments included in income statement		-	976
		558	(3,576)
Total comprehensive income for the year		123,889	137,029
----- Rupees -----			
Earnings per share	16	0.81	0.92

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

Imran Motiwala
Chief Executive Officer

Taufique Habib
Director

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	Rupees in '000'	
Undistributed income brought forward	201,796	61,191
Income after taxation for the year	123,331	140,605
Final dividend for the year ended June 30, 2010 @ 17% (Re 0.85 per share)	(129,284)	-
Undistributed income carried forward	<u>195,843</u>	<u>201,796</u>

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

Imran Motiwala
 Chief Executive Officer

Taufique Habib
 Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees in '000'	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		123,331	140,605
Adjustments for non-cash and other items			
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		10,459	64,499
Remuneration of Management Company		19,661	20,095
Unrealised gain on letter of rights		(948)	-
Dividend income		(48,649)	(43,545)
Remuneration of Custodian		590	705
Impairment loss on investments classified as 'available for sale' - net		-	6,871
		104,444	189,230
(Increase) / decrease in assets			
Receivable against sale of investments		(60,114)	(91)
Investments - net		23,696	(497,863)
Security deposit		(250)	-
Dividends and other receivables		(2,862)	4,539
		(39,530)	(493,415)
Increase / (decrease) in liabilities			
Payable against purchase of investments		32,228	(1,731)
Accrued expenses and other liabilities		2,398	2,972
		34,626	1,241
Remuneration paid to the Management Company		(19,595)	(21,360)
Remuneration paid to Custodian		(579)	(688)
Dividend received		48,498	44,820
Net cash generated from / (used in) operating activities		127,864	(280,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(127,715)	(45)
Net increase / (decrease) in cash and cash equivalents		149	(280,217)
Cash and cash equivalents at the beginning of the year		9,898	290,115
Cash and cash equivalents at the end of the year	17	10,047	9,898

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

Imran Motiwala
 Chief Executive Officer

Taufique Habib
 Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011**

	Share Capital	General Reserves	Unrealised (diminution) / appreciation on re- measurement of investments classified as available for sale - net	Undistributed income	Total
	-----Rupees in '000'-----				
Balance as at June 30, 2009	760,492	500	9,251	61,191	831,434
Total comprehensive income / (loss) for the year ended June 30, 2010	-	-	(3,576)	140,605	137,029
Balance as at June 30, 2010	<u>760,492</u>	<u>500</u>	<u>5,675</u>	<u>201,796</u>	<u>968,463</u>
Total comprehensive income for the year ended June 30, 2011	-	-	558	123,331	123,889
Final dividend for the year ended June 30, 2010 @ 17% (Re 0.85 per share)	-	-	-	(129,284)	(129,284)
Balance as at June 30, 2011	<u><u>760,492</u></u>	<u><u>500</u></u>	<u><u>6,233</u></u>	<u><u>195,843</u></u>	<u><u>963,068</u></u>

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

Imran Motiwala
Chief Executive Officer

Taufique Habib
Director

**STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - PER SHARE
FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
	Rupees	
Net assets value per share at the beginning of the year	6.37	5.47
Capital gain on sale of investments - net	0.68	1.15
Dividend income	0.31	0.28
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(0.07)	(0.42)
Unrealised gain on letter of rights	0.01	-
Income on term finance certificates	0.05	0.09
Profit on bank deposits	0.01	0.08
Net income for the year	0.99	1.18
Operating expenses	(0.18)	(0.26)
Unrealised diminution on re-measurement of investments classified as 'available-for-sale' - net	-	(0.02)
Final cash dividend for the year ended June 30, 2010	(0.85)	-
Net assets value per share as at June 30	<u>6.33</u>	<u>6.37</u>

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

Imran Motiwala
Chief Executive Officer

Taufique Habib
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

1 STATUS AND NATURE OF BUSINESS

Golden Arrow Selected Stocks Fund Limited (GASSFL) 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.

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

As per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, an asset management company managing an investment company shall, from the expiry of every five years from November 21, 2007, hold within one month of such period a meeting of shareholders to seek the approval of the shareholders (by special resolution) to convert the Investment Company into an Open End Scheme or wind up the Investment Company.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new standards, amendments and interpretations that became effective during the year and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or did not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011.

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related

entities. The Company will apply the revised standard from July 1, 2011. The Company is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2011 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2.1, 3.2.4, 3.2.5 and 5)

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value.

2.6 Functional and Presentation Currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term investments having original maturities of less than three months.

3.2 Financial assets

3.2.1 Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of term finance certificates

Investment in term finance certificates are valued in accordance with the methodology for valuation of debt securities prescribed in the SECP's circular no. 1/2009 dated January 06, 2009. Under the said directive, investment in term finance certificates are valued on the basis of traded, thinly traded and non traded securities. Accordingly, investment in term finance certificates have been valued at the rates determined and announced by the Mutual Fund Association of Pakistan (MUFAP) based on the methodology prescribed in the circular.

b) Basis of valuation of government securities

The investment of the Company in government securities is valued on the basis of rates announced by the Financial Market Association.

c) Basis of valuation of Equity Securities

The investment of the Company in equity securities is valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss, previously shown under other comprehensive income, is transferred to the income statement as capital gain / (loss).

3.2.5 Impairment

The Company assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement - is reclassified from other comprehensive income to income statement. Impairment losses recognised on equity instruments are not reversed through the income statement.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is measured to its fair value and resultant gain or loss is recognised in the income statement.

3.5 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividend are declared / transfers are made.

3.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any.

Deferred

The Company provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. In addition, the Company also records deferred tax asset on unutilised tax losses to the extent that these will be available for set off against future taxable profits. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. However, the Company has not recognised any amount of deferred tax in these financial statements as the Company intends to continue availing the tax exemption in future years by distributing at least 90 percent of its accounting income for the current year as reduced by capital gains, whether realised or unrealised to its shareholders.

3.8 Revenue recognition

- Dividend income on equity securities is recognised in the income statement when the right to receive the dividend is established.
- Unrealised gains / losses arising on re-measurement of securities classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Income on term finance certificates is recognised on an accrual basis.
- Profit on bank deposits is recognised on an accrual basis.

	Note	2011 Rupees in '000'	2010
4 BANK BALANCES			
In saving accounts		1,808	3,177
In current accounts		8,239	6,721
		10,047	9,898
5 INVESTMENTS			
Financial assets at fair value through profit or loss			
- Quoted equity securities - held for trading	5.1	888,442	906,021
- Fixed income and other debt securities	5.2	29,880	46,456
- Derivative Financial Instrument - held for trading	5.7	948	-
Available for sale			
- Quoted equity securities	5.3	16,847	16,289
		936,117	968,766

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

Name of the Investee Company / Modaraba	----- Number of shares / certificates -----					Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation to Investee paid up capital
	Opening balance	Purchases during the year	Bonus / Rights issue	Sales during the year	Closing balance						
----- Rupees in '000' -----											
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs.10 each unless stated otherwise											
OIL AND GAS											
Byco Petroleum Limited	750,000	-	-	750,000	-	-	-	-	-	-	-
Attock Refinery Limited	-	30,000	-	30,000	-	-	-	-	-	-	-
Attock Petroleum Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
National Refinery Limited	2,058	40,000	-	42,058	-	-	-	-	-	-	-
Pakistan Oilfields Limited	12,887	115,653	-	128,540	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	37,130	10,500	-	47,630	-	-	-	-	-	-	-
						-	-	-	-	-	-
CHEMICALS											
BOC Pakistan Limited	69,186	-	-	69,186	-	-	-	-	-	-	-
Clariant Pakistan Limited	100,848	-	25,212	-	126,060	15,063	20,212	5,149	2.16	2.10	0.37
Dawood Hercules Chemicals Limited	398,051	51,949	740,913	1,085,913	105,000	4,641	6,827	2,186	0.73	0.71	0.02
Dyneak Pakistan Limited (Face value Rs. 5 each)	895,233	-	-	-	895,233	10,922	9,391	(1,531)	1.00	0.98	4.74
Engro Polymer and Chemicals Limited	-	554,538	-	-	554,538	7,046	5,728	(1,318)	0.61	0.59	0.08
Fauji Fertilizer Bin Qasim Limited	-	713,628	-	713,628	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
Lotte Pakistan PTA Limited	-	1,200,000	-	1,200,000	-	-	-	-	-	-	-
Engro Corporation Limited	10,000	10,000	-	20,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	111,200	-	5,560	-	116,760	15,004	11,654	(3,350)	1.24	1.21	0.54
						52,676	53,812	1,136			
FORESTRY AND PAPER											
Century Paper and Board Mill Limited	272,510	85,080	-	-	357,590	5,807	5,507	(300)	0.59	0.57	0.51
						5,807	5,507	(300)			
INDUSTRIAL METALS AND MINING											
Crescent Steel and Allied Products Limited	10,000	6,588	-	16,588	-	-	-	-	-	-	-
Huffaz Seamless Pipe Industries Limited	20,245	-	-	-	20,245	295	251	(44)	0.03	0.03	0.04
International Steel Limited	-	682,965	-	300,000	382,965	5,388	5,212	(176)	0.56	0.54	0.09
						5,683	5,463	(220)			
CONSTRUCTION AND MATERIALS											
D.G Khan Cement Company Limited	2,237,116	1,303,210	40,000	3,219,421	360,905	7,817	8,297	480	0.89	0.86	0.08
Shabbir Tiles & Ceramics Limited (Face value Rs 5 each)	82,200	93,393	82,200	-	257,793	1,968	1,678	(290)	0.18	0.17	0.36
						9,785	9,975	190			
GENERAL INDUSTRIALS											
Cherat Papersack Limited	20,500	-	17,937	-	38,437	1,168	1,821	653	0.19	0.19	0.22
Merit Packaging Limited	-	349,615	-	-	349,615	10,663	9,034	(1,629)	0.97	0.94	7.37
Tri-Pack Films Limited	-	11,685	-	-	11,685	1,467	2,001	534	0.21	0.21	0.04
Thal Limited (Face value Rs 5 each)	169,008	52,954	44,392	-	266,354	21,652	26,912	5,260	2.87	2.79	0.43
						34,950	39,768	4,818			
ELECTRONIC AND ELECTRIC EQUIPMENT											
Pakistan Cables Limited	5,431	-	-	-	5,431	293	252	(41)	0.03	0.03	0.02
						293	252	(41)			
INDUSTRIAL ENGINEERING											
Al-Ghazi Tractors Limited (Face value Rs 5 each)	48,100	-	-	-	48,100	9,730	11,021	1,291	1.18	1.14	0.11
K.S.B. Pumps Company Limited	250,000	-	-	-	250,000	16,725	8,210	(8,515)	0.88	0.85	1.89
						26,455	19,231	(7,224)			

Name of the Investee Company / Modaraba	----- Number of shares / certificates -----					Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation to Investee paid up capital
	Opening balance	Purchases during the year	Bonus / Rights issue	Sales during the year	Closing balance						
----- Rupees in '000' -----											
INDUSTRIAL TRANSPORTATION											
Pakistan International Container Terminal Limited	-	130,000	-	-	130,000	9,557	10,563	1,006	1.13	1.10	0.12
Pakistan National Shipping Corporation	298,808	-	-	-	298,808	11,919	7,171	(4,748)	0.77	0.74	0.23
						21,476	17,734	(3,742)			
SUPPORT SERVICES											
TRG Pakistan Limited	18,646,327	216,000	-	-	18,862,327	77,306	48,288	(29,018)	5.16	5.01	4.89
						77,306	48,288	(29,018)			
AUTOMOBILE AND PARTS											
Atlas Battery Limited	-	2,475	-	-	2,475	452	537	85	0.06	0.06	0.02
Atlas Honda Limited	-	35,717	5,358	-	41,075	4,536	4,729	193	0.51	0.49	0.06
Exide Pakistan Limited	-	27,608	-	-	27,608	5,108	6,049	941	0.65	0.63	0.49
General Tyre and Rubber Company of Pakistan Limited	55,190	97,702	-	-	152,892	3,750	3,532	(218)	0.38	0.37	0.26
						13,846	14,847	1,001			
BEVERAGES											
Murree Brewery Company Limited	275,000	1	55,000	-	330,001	22,990	36,663	13,673	3.92	3.81	1.91
Shezan International Limited	-	91,506	-	-	91,506	12,394	13,331	937	1.42	1.38	1.53
						35,384	49,994	14,610			
FOOD PRODUCTS											
Habib - ADM Limited (Face value Rs 5 each)	74,889	-	-	-	74,889	1,049	918	(131)	0.10	0.10	0.19
Noon Pakistan Limited	-	28,809	-	-	28,809	602	583	(19)	0.06	0.06	0.61
Punjab Oil Mills Limited	-	100,000	-	-	100,000	4,000	4,000	-	0.43	0.42	1.86
Engro Foods Limited	-	2,490,600	-	-	2,490,600	62,265	62,265	-	6.65	6.47	0.33
Noon Sugar Mills Limited	266,057	130,812	-	-	396,869	5,572	6,747	1,175	0.72	0.70	2.40
Mitchell's Fruit Farms Limited	-	6,428	-	-	6,428	482	504	22	0.05	0.05	0.13
National Foods Limited	-	150,008	-	-	150,008	11,509	11,250	(259)	1.20	1.17	0.36
Tandlianwala Sugar Mills Limited	85,863	-	-	-	85,863	1,948	4,560	2,612	0.49	0.47	0.07
						87,427	90,827	3,400			
PERSONAL GOODS											
Amtex Limited	109,219	-	-	109,219	-	-	-	-	-	-	-
Artistic Denim Mills Limited	800,958	1,212,725	-	556,000	1,457,683	35,304	36,442	1,138	3.89	3.78	1.74
Fazal Cloth Mills Limited	-	1,005	-	-	1,005	63	55	(8)	0.01	0.01	0.01
Gul Ahmed Textile Mills Limited	-	166,511	-	-	166,511	5,162	8,614	3,452	0.92	0.89	0.26
Rupali Polyester Limited	-	12,701	-	-	12,701	533	502	(31)	0.05	0.05	0.04
Din Textile Mills Limited	750,873	47,100	77,042	-	875,015	21,639	24,483	2,844	2.62	2.54	4.29
Ellicot Spinning Mills Limited	745,015	-	-	-	745,015	15,943	18,290	2,347	1.95	1.90	6.80
Gadoon Textile Mills Limited	301,310	25,398	-	-	326,708	11,494	22,219	10,725	2.37	2.31	1.39
Indus Dyeing Manufacturing Co. Limited	-	41,700	-	-	41,700	8,715	15,907	7,192	1.70	1.65	0.23
Masood Textile Mills Limited	469,170	-	-	-	469,170	9,008	9,149	141	0.98	0.95	0.78
Nishat Mills Limited	1,000,000	436,378	-	1,436,378	-	-	-	-	-	-	-
Nishat (Chunian) Limited	-	423,248	-	423,248	-	-	-	-	-	-	-
Prosperity Weaving Mills Limited	84,591	-	-	-	84,591	1,429	1,233	(196)	0.13	0.13	0.46
Service Industries Limited	49,588	-	-	-	49,588	11,230	9,724	(1,506)	1.04	1.01	0.41
Suraj Cotton Mills Limited	456,439	-	-	-	456,439	14,382	16,865	2,483	1.80	1.75	2.54
ZIL Limited	100,000	111,420	-	-	211,420	12,046	12,632	586	1.35	1.31	3.97
						146,948	176,115	29,167			
FIXED LINE TELECOMMUNICATION											
PAK Datacom Limited	494,227	21,798	-	-	516,025	57,530	15,470	(42,060)	1.65	1.61	6.58
Pakistan Telecommunication Co. Limited	100,000	-	-	100,000	-	-	-	-	-	-	-
WorldCall Telecom Limited	-	250,000	-	-	250,000	600	528	(72)	0.06	0.05	0.03
						58,130	15,998	(42,132)			

Name of the Investee Company / Modaraba	----- Number of shares / certificates -----					Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation to investee paid up capital
	Opening balance	Purchases during the year	Bonus / Rights issue	Sales during the year	Closing balance						
----- Rupees in '000' -----											
ELECTRICITY											
Kohinoor Energy Limited	939,500	-	-	-	939,500	24,887	15,464	(9,423)	1.65	1.61	0.55
Sitara Energy Limited	245,500	-	-	-	245,500	5,033	4,849	(184)	0.52	0.50	1.29
						29,920	20,313	(9,607)			
GAS WATER AND MULTIUTILITIES											
Sui Northern Gas Pipelines Limited	1,080,600	111,001	-	100,559	1,091,042	29,319	21,734	(7,585)	2.32	2.26	0.20
Sui Southern Gas Company Limited	4,190,663	626,022	1,149,427	2,082,550	3,883,562	51,885	84,157	32,272	8.99	8.74	0.46
						81,204	105,891	24,687			
BANKS											
Summit Bank Limited	4,707,423	258,753	993,235	993,235	4,966,176	17,860	18,673	813	1.99	1.94	0.57
Bank Al-Habib Limited	600,000	72,106	134,421	-	806,527	21,499	23,768	2,269	2.54	2.47	0.09
United Bank Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
MCB Bank Limited	-	15,000	-	15,000	-	-	-	-	-	-	-
Bank Alfalah Limited	2,206,899	1,309,996	-	60,000	3,456,895	34,865	33,082	(1,783)	3.53	3.44	0.26
The Bank of Khyber	4,508,402	939,479	-	5,447,881	-	-	-	-	-	-	-
Faysal Bank Limited	25,000	-	5,000	-	30,000	356	278	(78)	0.03	0.03	0.00
First Credit and Investment Bank Limited	2,300,000	-	-	2,300,000	-	-	-	-	-	-	-
Habib Bank Limited	461,340	-	46,134	-	507,474	44,865	58,897	14,032	6.29	6.12	0.05
Habib Metropolitan Bank Limited	1,161,985	-	232,397	800,000	-	594,382	11,838	12,940	1.38	1.34	0.06
My Bank Limited	656,936	938,723	-	-	1,595,659	4,654	4,372	(282)	0.47	0.45	0.30
NIB Bank Limited	4,372,955	-	-	-	4,372,955	13,075	6,603	(6,472)	0.71	0.69	0.11
National Bank of Pakistan	-	50,000	-	50,000	-	-	-	-	-	-	-
Soneri Bank Limited	2,000,000	5,108,647	-	2,000,000	5,108,647	25,800	25,901	101	2.77	2.69	0.85
						174,812	184,514	9,702			
NON LIFE INSURANCE											
Adamjee Insurance Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
Century Insurance Limited	401,312	50,000	-	-	451,312	4,055	3,656	(399)	0.39	0.38	0.99
Premier Insurance Limited (Face value Rs 5 each)	2,055,389	-	-	-	2,055,389	19,321	17,142	(2,179)	1.83	1.78	3.39
TPL Direct Insurance Limited	-	500,000	-	-	500,000	5,000	5,000	-	0.53	0.52	1.09
						28,376	25,798	(2,578)			
REAL ESTATE INVESTMENT AND SERVICES											
Pace Pakistan Limited	1,532,536	-	-	-	1,532,536	5,471	3,341	(2,130)	0.36	0.35	0.55
						5,471	3,341	(2,130)			
FINANCIAL SERVICES											
First Capital Securities Corporation Limited	288,732	-	28,873	-	317,605	1,366	772	(594)	0.08	0.08	0.10
						1,366	772	(594)			
PHARMA AND BIO TECH											
Searle Pakistan Limited	-	92,000	-	92,000	-	-	-	-	-	-	-
						-	-	-			
Impaired Equity Securities											
FINANCIAL SERVICES											
Security Leasing Preference Shares	1,489	-	-	-	1,489	2	2	-	0.00	0.00	0.01
						2	2	-			
Total Listed Equity Securities as at June 30, 2011						897,317	888,442	(8,875)			
Total Listed Equity Securities as at June 30, 2010						973,287	906,021	(67,266)			

5.2 Fixed income and other debt securities - financial assets at 'fair value through profit or loss'

Name of the Investee company	----- Number of certificates -----				Balance as at June 30, 2011			Market value as a percentage of investments	Market value as a percentage of net assets
	Opening balance	Purchases during the year	Sales/Redeemed during the year	Closing balance	Carrying cost	Market value	Appreciation / (Diminution)		
----- Rupees in '000' -----									
5.2.1 Term Finance Certificates									
JDW Sugar Mills Limited (face value Rs 5,000 each)	2,800	-	2,800	-	-	-	-	0.00	0.00
Al-Abbas Sugar Mills Limited (face value Rs 5,000 each)	6,000	-	6,000	-	-	-	-	0.00	0.00
Term Finance Certificates - Listed Certificates									
WorldCall Telecom Limited (face value Rs 5,000 each)	-	5,200	-	5,200	16,974	16,974	-	1.81	1.76
Sukuk Certificates - Unlisted certificates									
Kohat Cement Company Limited (face value Rs 5,000 each)	4,000	-	-	4,000	14,490	12,906	(1,584)	1.38	1.34
TOTAL SECURITIES - June 30, 2011					31,464	29,880	(1,584)		
TOTAL SECURITIES - June 30, 2010					43,689	46,456	2,767		

5.3 Quoted Equity Securities - 'Available-for-Sale'

Name of the Investee Company	----- Number of shares / certificates -----					Balance as at June 30, 2011				Market value as percentage of investments	Market value as percentage of net assets	Percentage in relation to Investee paid up capital
	Opening balance	Purchases during the year	Bonus / Rights issue	Sales during the year	Closing balance	Cost	Carrying cost	Market value	Appreciation / (Diminution)			
----- Rupees in '000' -----												
FINANCIAL SERVICES												
Security Leasing Corporation Limited (9.1% Preference shares)	1,000,000	-	-	-	1,000,000	10,166	3,295	3,295	(6,871)	0.35	0.34	2.10
						10,166	3,295	3,295	(6,871)			
GENERAL INDUSTRIALS												
Siemens Engineering (Pakistan) Limited	12,500	-	-	-	12,500	7,319	12,994	13,552	6,233	1.45	1.41	0.15
						7,319	12,994	13,552	6,233			
TOTAL LISTED EQUITY SECURITIES - June 30, 2011						17,485	16,289	16,847	(638)			
LESS: IMPAIRMENT LOSS RECOGNISED						(6,871)	-	-	6,871			
TOTAL LISTED EQUITY SECURITIES - June 30, 2011						10,614	16,289	16,847	6,233			
TOTAL LISTED EQUITY SECURITIES - June 30, 2010						10,614	21,915	16,289	5,675			

5.3.1 Security Leasing Corporation Limited has deferred the payment of 3rd redemption amounting to Rs 2,720,000 (pertaining to 500,000 shares of Rs. 10 each) on the basis of the current adverse financial position of the company. As per the terms of the preference shares, the redemption amount will be the lower of par value and breakup value as per latest available audited financial statements. The break up value (per share of Security Leasing Corporation Limited) as per the financial statements for the year ended June 30, 2009 is Rs. 5.44, which is lower than the face value. Further, the break up value of shares as per the financial statements of the company for the nine months ended March 31, 2010 is Rs 1.15. Therefore, the redemption of 500,000 shares due on November 30, 2009 have been valued at Rs 5.44 per share and the remaining shares have been valued at Rs 1.15 per share.

	Note	2011 Rupees in '000'	2010
5.4 Unrealised diminution on re-measurement of investments classified as 'fair value through profit or loss' - net			
Market value of securities	5.1 & 5.2	918,322	952,477
Less: carrying cost of securities	5.1 & 5.2	928,781	1,016,976
		<u>(10,459)</u>	<u>(64,499)</u>
5.5 Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'- net			
Market value of securities	5.3	16,847	16,289
Less: Cost of securities	5.3	10,614	10,614
		<u>6,233</u>	<u>5,675</u>
5.6 Net unrealised diminution in fair value of investments classified as 'available-for-sale'- net			
Market value of investments		16,847	16,289
Less: Cost of investments		(10,614)	(10,614)
		<u>6,233</u>	<u>5,675</u>
Less: Net unrealised appreciation in fair value of investments at the beginning of year		(5,675)	(9,251)
Less: Realised on disposal of investments		-	4,821
		<u>558</u>	<u>1,245</u>
5.7 Derivative financial instrument			
Unrealised gain on letter of rights		948	-
6 DIVIDEND AND OTHER RECEIVABLES			
Dividend receivable		336	185
Profit receivable on bank deposits		43	54
Advance tax refundable		124	124
Profit receivable on term finance certificates		3,152	456
Prepaid fee - Margin Trading System (MTS)		177	-
		<u>3,832</u>	<u>819</u>
7 SECURITY DEPOSIT			
National Clearing Company of Pakistan Limited		<u>2,750</u>	<u>2,500</u>
8 REMUNERATION OF THE MANAGEMENT COMPANY			

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of a closed-end fund is entitled to a remuneration during the first five years of the closed-end fund, of an amount not exceeding three percent of the average annual net assets of the fund and thereafter of an amount equal to two percent of such assets of the fund. In the current year, the Management Company has charged remuneration at the rate of two percent of the average annual net assets of the fund.

	Note	2011 Rupees in '000'	2010
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Annual fee payable to SECP	9.1	934	955
Brokerage Payable		266	28
Custodian Fee		54	43
Auditors' remuneration		200	200
Central Depository Company charges		17	2
Unclaimed amount due to shareholders on reduction of share capital		45	45
Withholding tax payable		2	4
Provision for Workers' welfare fund	9.2	5,386	2,870
Others		69	417
		<u>6,973</u>	<u>4,564</u>

9.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Company.

9.2 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended 30 June 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 5.386 million (including Rs 2.517 million for the current year) in these financial statements.

10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2011 ----- (Number of shares) -----	2010		2011 ----- (Rupees in '000) -----	2010
		Fully paid ordinary shares of Rs. 5 each		
110,591,593	110,591,593	Issued for cash	552,958	552,958
41,506,751	41,506,751	Issued as bonus shares	207,534	207,534
<u>152,098,344</u>	<u>152,098,344</u>		<u>760,492</u>	<u>760,492</u>

10.1 AKD Investment Management Limited and AKD Securities Limited hold 27,515,395 (June 30, 2010: 25,965,395) and 12,302,889 (June 30, 2010: 123) shares respectively of the company as at June 30, 2010. Other related parties as disclosed in note 18 hold 2,760,533 shares (June 30, 2010: 2,997,470 shares) as at June 30, 2011.

10.2 Pattern of shareholding of the Company as at June 30, 2011 is as follows:

Category	Share Holding		
	Share holders	Number of Shares	Percentage
Individuals	5,143	78,868,972	51.85
Associated Companies and Directors	13	42,578,817	27.99
Insurance Companies	4	2,701,159	1.78
Banks and DFIs	11	5,293,469	3.48
NBFCs	6	85,039	0.06
Retirement Funds	5	6,133,708	4
Public Limited Companies	4	5,270,943	3.47
Others	55	11,166,237	7.34
Total	5,241	152,098,344	100.00

10.3 Pattern of shareholding of the Company as at June 30, 2010 was as follows:

Category	Share Holding		
	Share holders	Number of Shares	Percentage
Individuals	5,383	69,533,454	45.72
Associated Companies and Directors	13	62,227,305	40.91
Insurance Companies	3	76,159	0.05
Banks and DFIs	15	4,697,078	3.09
NBFCs	7	1,085,305	0.71
Retirement Funds	5	4,820,590	3.17
Public Limited Companies	4	364,757	0.24
Others	67	9,293,696	6.11
Total	5,497	152,098,344	100.00

2011 **2010**
Rupees in '000'

11 NET ASSETS VALUE PER SHARE

Total net assets	963,068	968,463
Total shares in issue	152,098,344	152,098,344
Net assets value per share - Rupees	6.33	6.37

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2011 and June 30, 2010.

2011 **2010**
Rupees in '000'

13 CAPITAL GAIN ON SALE OF INVESTMENTS - NET

Securities classified as - 'financial assets at fair value through profit or loss' - net	102,727	168,381
Securities classified as 'available-for-sale'	-	6,532
	102,727	174,913

14 AUDITORS' REMUNERATION

Annual statutory audit fee	175	175
Fee for half yearly review	75	75
Fee for review of statement of compliance with the code of corporate governance	25	25
Out of pocket expenses	43	50
	318	325

15 TAXATION

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

	2011	2010
	Rupees in '000'	
16 EARNINGS PER SHARE		
Net income after taxation	123,331	140,605
	Number of Shares	
Weighted average number of ordinary shares	152,098,344	152,098,344
	Rupees	
Earnings per share	0.81	0.92

16.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2011 and 2010.

	2011	2010
	Rupees in '000'	
17 CASH AND CASH EQUIVALENTS		
Bank balances	10,047	9,898

18 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, other collective schemes managed by the Management Company, directors and officers of the Management Company, directors of the Fund 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:

	For the year ended June 30, 2011	For the year ended June 30, 2010
	Rupees in '000'	
18.1 Transactions during the year		
AKD Investment Management Limited		
Remuneration to Management Company	19,661	20,095
Cash dividend paid @ 17% i.e Re 0.85 per share (June 30, 2010: Nil)	22,071	-
DJM Securities (Private) Limited		
Cash dividend paid @ 17% i.e Re 0.85 per share (June 30, 2010: Nil)	28,605	-
Aqeel Karim Dhedhi Securities (Private) Limited- Staff Provident Fund		
Cash dividend paid @ 17% i.e Re 0.85 per share (June 30, 2010: Nil)	1,779	-

	For the year ended June 30, 2011	For the year ended June 30, 2010
	Rupees in '000'	
AKD Securities Limited		
Sale of shares of various companies	181,488	120,597
Purchase of shares of various companies	36,395	201,751
Brokerage	388	556
Cash dividend paid @ 17% i.e Re 0.85 per share (June 30, 2010: Nil)	850	-
AKD Investment Management Limited - Provident Fund		
Cash dividend paid @ 17% i.e Re 0.85 per share (June 30, 2010: Nil)	43	-
Key management personnel		
Cash dividend paid @ 17% i.e Re 0.85 per share (June 30, 2010: Nil)	55	-
Central Depository Company Of Pakistan Limited (Custodian)		
Fee charged during the year (including transaction charges)	728	1,046
AKD Income Fund		
Sale of TFCs	27,407	26,500
Purchase of TFCs	17,036	-
AKD Opportunity Fund		
Purchase of Shares	12,314	-
Sale of share	8,674	-
18.2 Balances outstanding at year end	June 30 2011	June 30 2010
	Rupees in '000'	
AKD Investment Management Limited - Management Company		
Remuneration payable	2,161	2,095
Shares in issue (No. of shares: June 30, 2011: 27,515,395; June 30, 2010: 25,965,395)	137,577	129,827
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Shares in issue (No. of shares: June 30, 2011: 2,092,812; June 30, 2010: 2,092,812)	10,464	10,464
AKD Securities Limited		
Shares in issue (No. of shares: June 30, 2011: 12,302,889; June 30, 2010: 123)	61,514	1
Brokerage Payable	49	5
Receivable against sale of securities	32,508	-
DJM Securities (Private) Limited		
Shares in issue (No. of shares: June 30, 2011: Nil June 30, 2010, 34,052,704)	-	170,264
AKD Investment Management Limited - Provident Fund		
Shares in issue (No. of shares: June 30, 2011, 601,046; June 30, 2010: 51,046)	3,005	255
Key management personnel		
Shares held by key management personnel (No. of shares: June 30, 2011, 66,675; June 30, 2010: 65,225)	333	326
Central Depository Company Of Pakistan Limited - Custodian		
Fee payable	71	45

19 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

19.1 Financial instruments by category

-----As at June 30, 2011-----

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Held to maturity	Total
-----Rupees in '000-----					
Assets					
Bank balances	10,047	-	-	-	10,047
Receivable against sale of investments	60,205	-	-	-	60,205
Investments	-	919,270	16,847	-	936,117
Dividend and other receivables	3,655	-	-	-	3,655
Security deposits	2,750	-	-	-	2,750
	<u>76,657</u>	<u>919,270</u>	<u>16,847</u>	<u>-</u>	<u>1,012,774</u>

-----As at June 30, 2011-----

	Liabilities at fair value through profit or loss	At Ammortised cost	Total
-----Rupees in '000-----			
Liabilities			
Payable against purchase of investments	-	32,427	32,427
Remuneration payable to Management Company	-	2,161	2,161
Accrued expenses and other liabilities	-	653	653
Unclaimed dividend	-	8,322	8,322
	<u>-</u>	<u>43,563</u>	<u>43,563</u>

-----As at June 30, 2010-----

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Held to maturity	Total
-----Rupees in '000-----					
Assets					
Bank balances	9,898	-	-	-	9,898
Receivable against sale of investment	91	-	-	-	91
Investments	-	952,477	16,289	-	968,766
Dividend and other receivables	819	-	-	-	819
Security deposits	2,500	-	-	-	2,500
	<u>13,308</u>	<u>952,477</u>	<u>16,289</u>	<u>-</u>	<u>982,074</u>

-----As at June 30, 2010-----

	Liabilities at fair value through profit or loss	At Ammortised cost	Total
-----Rupees in '000-----			
Liabilities			
Payable against purchase of investments	-	199	199
Remuneration payable to Management Company	-	2,095	2,095
Accrued expenses and other liabilities	-	735	735
Unclaimed dividend	-	6,753	6,753
	<u>-</u>	<u>9,782</u>	<u>9,782</u>

19.2 The Company's Market Rate of Return (MROR) sensitivity related to financial assets and financial liabilities as at June 30, 2011 can be determined from the following:

----- Exposed to MROR risk ----- as at June 30, 2011					
	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR risk	Total
-----Rupees in '000-----					
Financial Assets					
Bank balances	1,808	-	-	8,239	10,047
Receivable against sale of investments	-	-	-	60,205	60,205
Investments	29,880	-	16,847	889,390	936,117
Dividend and other receivables	-	-	-	3,655	3,655
Security deposits	-	-	-	2,750	2,750
	31,688	-	16,847	964,239	1,012,774
Financial Liabilities					
Payable against purchase of investments	-	-	-	32,427	32,427
Remuneration payable to Management Company	-	-	-	2,161	2,161
Accrued expenses and other liabilities	-	-	-	653	653
Unclaimed dividend	-	-	-	8,322	8,322
	-	-	-	43,563	43,563
On-balance sheet gap	31,688	-	16,847	920,676	969,211
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total MROR sensitivity gap	31,688	-	16,847		
Cumulative MROR sensitivity gap	31,688	31,688	48,535		

19.3 The rates of return on financial instruments are as follows:

2011
Percentage per annum

Bank balances	5 % to 10.05%
Term Finance Certificates	13.55 % to 16.33%

----- Exposed to MROR risk ----- as at June 30, 2010					
	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR risk	Total
-----Rupees in '000-----					
Financial Assets					
Bank balances	3,177	-	-	6,721	9,898
Investments	-	-	-	91	91
Loans and receivable	11,646	34,810	-	922,310	968,766
Dividend and other receivables	-	-	-	819	819
Security deposits	-	-	-	2,500	2,500
	14,823	34,810	-	932,441	982,074
Financial Liabilities					
Payable against purchase of investments	-	-	-	199	199
Remuneration payable to Management Company	-	-	-	2,095	2,095
Accrued expenses and other liabilities	-	-	-	735	735
Unclaimed dividend	-	-	-	6,753	6,753
	-	-	-	9,782	9,782
On-balance sheet gap	14,823	34,810	-	922,659	972,292
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total MROR sensitivity gap	14,823	34,810	-		
Cumulative MROR sensitivity gap	14,823	49,633	49,633		

19.4 The rates of return on financial instruments are as follows:

	2010 Percentage per annum
Bank balances	5 % to 12.05%
Term Finance Certificates	13.20% to 15.53%

20 MATURITIES OF ASSETS AND LIABILITIES

As at June 30, 2011

	Upto three months	Over three months and upto one year	Over one year	Total
-----Rupees in '000-----				
Liabilities				
Payable against purchase of investments	32,427	-	-	32,427
Remuneration payable to Management Company	2,161	-	-	2,161
Accrued expenses and other liabilities	653	-	-	653
Unclaimed dividend	8,322	-	-	8,322
	43,563	-	-	43,563
	43,563	-	-	43,563

As at June 30, 2010

	Upto three months	Over three months and upto one year	Over one year	Total
-----Rupees in '000-----				
Liabilities				
Payable against purchase of investments	199	-	-	199
Remuneration payable to Management Company	2,095	-	-	2,095
Accrued expenses and other liabilities	735	-	-	735
Unclaimed dividend	6,753	-	-	6,753
	9,782	-	-	9,782
	9,782	-	-	9,782

21 RISK MANAGEMENT

The Company primarily invests in listed equity and debt securities. These investments are subject to varying natures of risk. These risks emanate from various factors that include, but are not limited to the following:

21.1 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market price of securities due to change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees, which is the functional currency.

21.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

21.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Assets and Liabilities as available for sale and at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks prescribed in the Memorandum and Articles of Association. The Company's constitutive document / NBFC Regulations also limit individual equity securities to not more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 30% of net assets.

In case of 5% increase / decrease in KSE 100 index on June 30, 2011, net income for the year would decrease / increase by Rs 3.662 million (2010: Rs 15.890 million) and net assets of the Company would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss. Other components of equity and net assets of the Company would increase / decrease by Rs. 0.057 million (2010: Rs 0.190 million) as a result of gains / losses on equity securities classified as available-for-sale.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of KSE 100 index.

21.2 Credit risk

Credit risk arises from the inability of the counter parties to fulfill their obligations in respect of financial instruments contracts. All investing transactions are settled / paid for upon delivery using approved brokers. The Company's policy is to enter into financial instruments contract by following internal guidelines such as approving counterparties and carrying out transactions through approved brokers. The credit risk also arises from deposits with banks and financial institutions and credit exposure arising as a result of dividend receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

The analysis below summarises the credit rating quality of the Company's financial assets:

Bank Balances by rating category

	2011	2010
	(Rupees in '000)	
A1+	9,104	8,886
A1	-	930
A2	943	82
	10,047	9,898

The maximum exposure to credit risk before any credit enhancement as at June 30, 2011 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

21.3 An analysis of the financial assets that are individually impaired are as under:

	As at June 30, 2011			As at June 30, 2010		
	Total outstanding amount	Payment over due (in days)		Total outstanding amount	Payment over due (in days)	
		(1-365)	Above 365		(1-365)	Above 365
----- Rupees in '000 -----						
Investments	10,168	-	10,168	10,177	10,177	-

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect group of counter parties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

The analysis below summarises the credit quality of the Company's investment in Term Finance Certificates as at June 30, 2011 and June 30, 2010:

	June 30 2011	June 30 2010
Term Finance Certificates by rating category		
A, A-, A+	57%	69%
Unrated	43%	31%

21.4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company is not materially exposed to liquidity risk as all obligations / commitments of the company are short term in nature and are restricted to the extent of available liquidity and the significant assets of the Company are readily disposable in the market.

21.5 Sensitivity analysis for variable rate instruments

Presently, the Company holds KIBOR based interest bearing Term Finance Certificates exposing the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2011, with all other variables held constant, the net assets of the Company and net income for the year would have been higher / lower by Rs 0.232 million (2010: Rs 0.026 million).

21.6 Sensitivity analysis for fixed rate instruments

As at June 30, 2011, the Company holds preference shares with fixed rate of return classified as available-for-sale exposing the Company to fair value interest rate risk. The sensitivity analysis of fixed rate instrument has not been determined as the company has currently defaulted in payment of redemption amount due on November 30, 2009.

The composition of the Company's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Further, in case of variable rate instruments, the sensitivity analysis has been done from last repricing date. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the impact on the Company's net assets of future movements in interest rates.

22 CAPITAL RISK MANAGEMENT

Golden Arrow Selected Stocks Fund Limited is a closed end fund. The Company has a limited number of shares subscribed at the Company's inception. However, further public offering may be made at the Company's discretion. The Company's shares are not redeemable directly with the Company; instead shares are traded on the stock exchange at a price that is either at a premium or discount to the shares net asset value.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and to maintain a strong capital base to meet unexpected losses or opportunities. In accordance with the NBFC Regulations the Company is required to distribute at least ninety percent of its income from sources other than unrealised capital gains as reduced by such expenses as are chargeable to the Company.

In order to maintain or adjust the capital structure, the Company may adjust dividend paid to shareholders or issue new shares.

23 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Effective January 1, 2009, the Company adopted the amendments to IFRS 7 for financial instruments that are measured in the statement of assets and liabilities at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

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

	----- As at June 30, 2011 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - at fair value through profit or loss	889,388	29,880	2	919,270
Investment in securities - available for sale	13,552	-	3,295	16,847

	----- As at June 30, 2010 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - at fair value through profit or loss	906,019	46,456	2	952,477
Investment in securities - available for sale	12,994	-	3,295	16,289

24 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company in their meeting held on August 9, 2011 have proposed a final cash dividend at Re. 0.75 per share for the year ended June 30, 2011 (June 30, 2010: Re. 0.85 per share).

25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Company are as follow:

	Designation	Qualification	Experience in years
1. Mr. Imran Motiwala	Chief Executive Officer - (GASSFL & AKDIML), Fund Manager - (GASSFL & AKDOF)	BBA	17
2. Mr. Muhammad Amin Hussain	Chief Financial Officer & Company Secretary, Director - (GASSFL & AKDIML)	ACMA & ACIS	27
3. Mr. Muhammad Yaqoob	Fund Manager - AKDIF & AKDITF	MBA	7
4. Mr. Nadeem Saulat Siddiqui	GM Marketing and Sales Director - AKDIML	MBA	18
5. Mr. Ahmed Hassan	Fund Manager - AKDITF	MBA	4

25.1 Mr. Imran Motiwala is the Manager of the Fund. AKD Opportunity Fund is also being managed by the Fund Manager.

26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The Board meetings were held on September 18, 2010, October 28, 2010, February 18, 2011 and April 22, 2011. Information in respect of attendance by the Directors in the meetings is given below:

Name of Director	Number of meetings		
	Held	Attended	Leave granted
1 Mr. Ahmed Abdul Sattar	4	4	-
2 Mr. Imran Motiwala	4	4	-
3 Mr. Nadeem Naqvi	4	3	1
4 Mr. Taufique Habib	4	4	-
5 Ms. Ayesha Aqeel Dhedhi	4	3	1
6 Mr. M. Ramzan Sheikh	4	1	3
7 Ms. Parveen Akhter Malik	4	1	3

27 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

For the year ended June 30, 2011

Name of Broker

AKD Securities Limited	29.28%
Taurus Securities Limited	13.19%
AI Securities (Pvt) Limited	11.13%
Habib Metropolitan Financial Services Limited	9.01%
Creative Capital Securities (Pvt) Limited	8.31%
Fortune Securities Limited	7.98%
Investment Managers Securities (Pvt) Limited	4.56%
First Capital Equities Limited	4.06%
Foundation Securities (Pvt) Limited	3.83%
Invisor Securities (Pvt) Limited	2.90%

For the year ended June 30, 2010

Name of Broker

Creative capital Securities (Pvt) Limited	14.43%
AKD Securities Limited	11.71%
Pearl Securities (Pvt) Limited	10.46%
Investment Managers Securities (Pvt) Limited	9.73%
NAEL Capital (Pvt) Limited	9.46%
Fortune Securities Limited	5.07%
Taurus Securities Limited	4.66%
AI Securities (Pvt) Limited	4.64%
KASB Securities Limited	4.52%
Elixir Securities Pakistan (Pvt) Limited	4.41%

28 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Investment Committee of the Management Company has been identified as the chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments.

The Company has determined the operating segments based on the reports reviewed by the Investment Committee, which are used to make strategic decisions.

The Investment Committee is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The Investment Committee's asset allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The Company trades in listed Pakistani equity securities with an objective to generate capital growth.

The internal reporting provided to the Investment Committee for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no changes in the reportable segments during the year.

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

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

29 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purposes of comparison and better presentation. No significant reclassifications were made during the current year.

30 RATING OF THE COMPANY AND INVESTMENT ADVISOR

JCR-VIS Credit Rating Company Limited has assigned a management quality rating of 'AM3' to the Management Company and Company performance ranking of "MFR 4-Star" to the Company.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 9, 2011 by the Board of Directors of the Company.

32 GENERAL

32.1 Figures have been rounded off to the nearest thousand Rupees.

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

Imran Motiwala
Chief Executive Officer

Taufique Habib
Director

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2011

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
558	1	100	20,815	0.01
1,315	101	500	319,771	0.21
525	501	1000	383,654	0.25
1,441	1001	5000	3,618,885	2.38
471	5001	10000	3,462,654	2.28
256	10001	15000	3,109,352	2.04
110	15001	20000	1,959,604	1.29
131	20001	25000	3,001,575	1.97
50	25001	30000	1,398,327	0.92
56	30001	35000	1,816,994	1.19
34	35001	40000	1,276,289	0.84
29	40001	45000	1,234,233	0.81
28	45001	50000	1,355,619	0.89
21	50001	55000	1,092,524	0.72
21	55001	60000	1,207,654	0.79
19	60001	65000	1,190,424	0.78
10	65001	70000	676,905	0.45
10	70001	75000	728,468	0.48
11	75001	80000	852,555	0.56
7	80001	85000	581,987	0.38
12	85001	90000	1,057,173	0.70
3	90001	95000	273,950	0.18
14	95001	100000	1,392,088	0.92
8	100001	105000	818,151	0.54
6	105001	110000	647,819	0.43
6	110001	115000	672,805	0.44
1	115001	120000	116,167	0.08
9	120001	125000	1,115,603	0.73
1	125001	130000	125,024	0.08
2	130001	135000	269,926	0.18
3	135001	140000	416,434	0.27
2	140001	145000	285,724	0.19
1	145001	150000	145,975	0.10
2	155001	160000	316,187	0.21
2	160001	165000	324,375	0.21
1	170001	175000	174,250	0.11
1	180001	185000	180,056	0.12
1	185001	190000	187,458	0.12
1	195001	200000	200,000	0.13
1	200001	205000	204,662	0.13
1	205001	210000	207,648	0.14
2	210001	215000	421,047	0.28
1	220001	225000	221,625	0.15
4	225001	230000	911,605	0.60
1	240001	245000	241,535	0.16
1	245001	250000	246,772	0.16
1	260001	265000	263,786	0.17
1	265001	270000	267,122	0.18
1	275001	280000	276,295	0.18
1	290001	295000	290,986	0.19
2	295001	300000	600,000	0.39
1	305001	310000	307,085	0.20
1	310001	315000	312,500	0.21
1	325001	330000	327,009	0.21
1	350001	355000	354,374	0.23
1	390001	395000	393,750	0.26
1	400001	405000	404,483	0.27
1	405001	410000	409,573	0.27
1	415001	420000	416,062	0.27
1	445001	450000	446,118	0.29
1	450001	455000	450,871	0.30
2	460001	465000	462,338	0.30
2	490001	495000	989,844	0.65
2	495001	500000	1,000,000	0.66
1	570001	575000	575,000	0.38
1	600001	605000	601,046	0.40
1	610001	615000	614,999	0.40
3	675001	680000	2,031,794	1.34
1	705001	710000	706,403	0.46
1	720001	725000	724,583	0.48
1	755001	760000	760,000	0.50
1	760001	765000	761,624	0.50
1	825001	830000	826,375	0.54
1	855001	860000	857,418	0.56
1	900001	905000	902,782	0.59
1	1080001	1085000	1,082,812	0.71
1	1130001	1135000	1,134,154	0.75
1	1580001	1585000	1,581,187	1.04
1	2090001	2095000	2,092,812	1.38
1	2195001	2200000	2,200,000	1.45
1	2360001	2365000	2,360,891	1.55
1	2365001	2370000	2,369,288	1.56
1	2435001	2440000	2,438,493	1.60
1	2620001	2625000	2,625,000	1.73
1	2995001	3000000	3,000,000	1.97
1	3495001	3500000	3,500,000	2.30
1	5245001	5250000	5,247,500	3.45
1	6110001	6115000	6,112,110	4.02
1	6765001	6770000	6,769,872	4.45
1	11965001	11970000	11,969,496	7.87
1	12300001	12305000	12,302,766	8.09
1	27515001	27520000	27,515,395	18.09
5,241			152,098,344	100.00

CATEGORIES OF SHARE HOLDERS

AS AT JUNE 30, 2011

PARTICULARS	SHARE HOLDERS	SHARE HOLDING	PERCENTAGE
INDIVIDUALS	5,143	78,868,972	51.85
ASSOCIATED COMPANIES AND DIRECTORS	13	42,578,817	27.99
INSURANCE COMPANIES	4	2,701,159	1.78
FINANCIAL INSTITUTIONS	11	5,293,469	3.48
NBFCS	6	85,039	0.06
RETIREMENT FUNDS	5	6,133,708	4.03
PUBLIC LIMITED COMPANIES	4	5,270,943	3.47
OTHERS	55	11,166,237	7.34
TOTAL	5,241	152,098,344	100.00

DETAILS OF PATTERN OF SHAREHOLDING

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2011

Particulars	Shares Held	Percentage
Associated Companies, Undertaking and Related Parties		
AKD Investment Management Limited	27,515,395	18.09
AKD Securities Limited	12,302,889	8.09
Aqeel Karim Dhedhi Securities (Pvt.) Limited Staff Provident Fund	2,092,812	1.38
AKD Investment Management Ltd. Staff Provident Fund	601,046	0.40
NIT	10,000	0.00
ICP	11,760	0.00
Directors, Chief Executive & their spouse and minor children	66,675	0.04
Mr. Ahmed Abdul Sattar	46,084	0.03
Mr. Imran Motiwala	1,000	-
Mr. Taufique Habib	6,496	-
Mr. M. Ramzan Sheikh	1,000	-
Mr. Muhammad Amin Hussain	1,000	-
Ms. Ayesha Aqeel Dhedhi	9,095	-
Ms. Parveen Akhtar Malik	2,000	-
Executives	-	-
Public Sector Companies and Corporations	5,270,943	3.47
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	11,057,907	7.27
Individuals	78,868,972	51.86
Others	14,299,945	9.40
TOTAL	152,098,344	100.00

SIX YEARS KEY FINANCIAL DATA AT A GLANCE

	2006	2007	2008	2009	2010	2011
	----- (Rupees '000)' -----					
Total Income / (Loss)	288,702	447,571	70,037	(374,128)	179,751	150,680
Operating Profit/ Net Income / (Loss)	264,635	416,435	35,191	(394,759)	140,605	123,331
Cash Dividend (Rupees)	1.50	0.75	-	-	0.85	0.75
Cash Dividend %	30.00	15.00	-	-	17.00	15.00
Stock Dividend (Rupees)	-	0.50	0.63	-	-	-
Stock Dividend %	-	10.00	12.50	-	-	-
Paid up Share Capital	614,539	614,539	675,993	760,492	760,492	760,492
Reserves and Unappropriated Profit	304,412	659,393	540,949	61,191	201,796	195,843
Net Assets	965,947	1,308,525	1,237,941	831,434	968,463	963,068
Earnings per share (Rupees)	2.84	3.39	0.26	(2.60)	0.92	0.81
Break up value per share (Rupees)	7.86	10.65	9.16	5.47	6.37	6.33
Ratio of:						
Operating profit / (loss) to Income / (loss)	0.92	0.93	0.50	(1.06)	0.78	0.82
Return / (loss) on Net Assets Employed	0.27	0.32	0.03	(0.47)	0.15	0.13

PERFORMANCE TABLE

	2011	2010	2009
	----- Rupees in '000'-----		
Total net assets value	963,068	968,463	831,434
Net assets value per share - Rupees	6.33	6.37	5.47
Net Income / (loss) for the year carried	123,331	140,605	(394,759)
Return of fund			
Income distribution	-	129,284	-
Accumulated capital growth	195,843	72,512	61,191
Distribution per share			
Annual - Rupees	0.75	0.85	-
Interim - Rupees	-	-	-
Average annual return	----- Percentage-----		
One Year	15%	16%	(33%)
Two Year	16%	(9%)	(16%)
Three Year	(1%)	(5%)	5%

- The income distribution have been shown against the year to which they relate although these were declared and distributed subsequently to the year end.
- Past performance is not necessarily indicative of future performance, and that share price and investment return may go down, as well as up.
- The breakdown of the Fund's investment portfolio between industry sectors has been disclosed in note 5 to the financial statements.

STATEMENT OF INCOME AND EXPENDITURE
**OF THE MANAGEMENT COMPANY IN RELATION TO THE INVESTMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
	Rupees in '000'	
INCOME		
Remuneration from Golden Arrow Selected Stocks Fund Limited	19,661	20,095
Dividend income	22,071	-
	41,732	20,095
OPERATING EXPENSES		
Salaries, allowances and other benefits	16,350	10,384
Office rent	2,636	1,839
MUFAP subscription	157	151
Fees and subscription	121	337
Printing and stationery	146	100
Vehicle running and maintenance	681	369
Travelling and conveyance	369	390
Repairs and maintenance	282	257
Legal and professional charges	480	1,070
Credit rating fee	146	122
SECP license fee	243	203
Utilities	738	612
Communication	505	475
Postage and courier	85	120
Depreciation	2,110	2,663
Insurance	390	273
Auditors' remuneration	131	108
Software maintenance	16	34
Computer expenses	423	377
Entertainment	139	112
Miscellaneous	1,038	318
Financial cost	114	288
	27,300	20,602
NET PROFIT / (LOSS) FOR THE YEAR	14,432	(507)

Note: Above mentioned expenses are based on revenue generated through Collective Investment Schemes (CIS) during the year. Expenses directly related to CIS are allocated to specific CIS.

PROXY FORM

ANNUAL GENERAL MEETING

I/We _____
of _____
being member(s) of Golden Arrow Selected Stocks Fund Limited holding _____
ordinary Shares hereby appoint _____
of _____ or failing him / her _____
of _____ who is / are also member(s) of Golden Arrow Selected Stocks Fund
Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our
behalf at the Twenty Eighth Annual General Meeting of the Company to be held on Wednesday,
21 September 2011 at 9:00 a.m. and / or any adjournment thereof.

As witness my / our hand seal this _____ day of _____ 2011

Signed by _____

in the presence of _____

Shareholder Folio No.
CDC Participant I.D. No.
& Sub Account No.

Signature on
five Rupees
Revenue
Stamp

The signature should
agree with the
specimen registered
with the Company

Important:

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, Golden Arrow Selected Stocks Fund Ltd., 216-217, Continental Trade Centre, Block-8, Clifton, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/her himself/hereself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



**AKD Investment
Management Ltd.**

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
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E-mail : info@akdinvestment.com Website : www.akdinvestment.com

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Suite # 302 - 303,
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Tel: 051-2894316-18, Fax: 051-2894319

Lahore Branch:

Suite # 512-513, 5th Floor
Lahore Stock Exchange Building,
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Multan Branch:

B.F 2/III, 2nd Business Floor,
ChenOne Tower,
74 Abdali Road, Multan
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