




Annual Report 2009

Golden Arrow 
SELECTED STOCKS FUND LIMITED


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. Muhammad Rafiq Tumbi

Mr. Taufique Habib

Miss Ayesha Aqeel Dhedhi

Ms. Nausheen Rafiq Tumbi

Nominee Director of SPIAICL

Miss Parveen Akhtar Malik

COMPANY SECRETARY & CFO

Mr. Muhammad Amin Hussain

AUDIT COMMITTEE

Mr. Taufique Habib (Chairman)

Mr. Ahmed Abdul Sattar (Member)

Miss Ayesha Aqeel Dhedhi (Member)

Mr. Rashid Ahmed (Secretary)

INVESTMENT ADVISER

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

INTERNAL AUDITORS

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Progressive Plaza, Beaumont Road,
P.O. Box 15541, Karachi 75530.

CUSTODIAN

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

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road
Karachi.



LEGAL ADVISER

Ali Daraz Siddiqui,
C/o. Noorallah A. Manji,
5th Floor, Jubilee Insurance House,
I.I. Chundrigar Road, Karachi.

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: 5375714 - 5836920.

RATING

JCR-VIS: MFR 5-Star (2-year period)
JCR-VIS: MFR 4-Star (1-year period)
Investment Adviser
JCR-VIS: AM3 (AM-Three)

Mission

Statement

 bringing up the growing future

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.

 **Up on the Sky**



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of Golden Arrow Selected Stocks Fund Ltd will be held on Thursday, 22 October 2009 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 20, 2008.
2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended June 30, 2009.
3. To appoint Auditors of the Company and to fix their remuneration for the year ending June 30, 2010. The present Auditors, M/s. A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass the following Special Resolution with or without modification (s):

Investment in Hub Power Company Limited (HUBCO)

"Resolved by way of Special Resolution that post-facto consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for equity investment in Hub Power Company Limited (HUBCO) made by the company during the period between July 01, 2008 to June 30, 2009 by acquiring 2,009,500 fully paid up shares of Rs.10/- at an average price of Rs. 19.98 each i.e. for an aggregate amount of Rs. 40,141,990.

Further Resolved that the Chief Executive Officer and the Company Secretary be and are hereby jointly and severally authorized to complete all necessary statutory formalities for formalizing the reporting requirements of the above investment in HUBCO.

By Order of the Board

Muhammad Amin Hussain
Company Secretary

Karachi: August 19, 2009

Notes:

1. The share transfer books of the Company will remain closed from October 15, 2009 to October 22, 2009 (both days inclusive). Physical scrips transfers / CDS transaction IDs received in order at the office of Share Registrar M/s Gangjees Registrar Services (Pvt) Limited, 516, Clifton Centre, Khayban-e-Roomi, Kehkashan, Block-5, Clifton, Karachi at the close of the business day on October 14, 2009 will be treated in time for the entitlement to 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 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. Proxy, 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, M/s 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 National Identity Card (NIC) 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 NIC numbers shall be mentioned on the forms.
3. Attested copies of NIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his / her original NIC 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.

Statement under Section 160(1) (b) of the Companies Ordinance, 1984 is being dispatched separately to the shareholders along with this Notice.

- (a) The Investment Advisor, namely, AKD Investment Management Limited ("AKDIML") had approved the investment of Rs.40,141,990 in the share capital of HUBCO. The investment was made in good faith by the Company during the period between July 01, 2008 to June 30, 2009.
- (b) It transpired that Mr. Taufique Habib who is a Director of the Company is also a Director of HUBCO and therefore HUBCO is an associated company under the Companies Ordinance, 1984. Due to the amendment in Section 208 of the Companies Ordinance, 1984, effectuated vide Finance Act, 2007 the Company was no longer exempt from the requirement of obtaining Special Resolution of the shareholders for making investment in an associated company.
- (c) The Company's auditors drew the attention of the Company's Management as to the requirement of obtaining approval of shareholders by a Special Resolution before making equity investment in HUBCO due to Mr. Taufique Habib's common directorship in the Company and in HUBCO, when the investment was actually made. The Directors of the Company based on the Auditors' views have decided to voluntarily regularized the Company's investment in HUBCO by seeking post-facto approval of the shareholders.
- (d) The Directors and the Chief Executive Officer had an interest in the proposed investment only in their respective capacities, as Directors/Chief Executive Officer and as Shareholders of the Company.

S. No.	Description	
1.	Name of Investee Company	Hub Power Company Limited (HUBCO)
2.	Nature, amount and extent of Investment	Long term equity investment by purchase of 2,009,500 ordinary shares of Rs.10/- each from stock market at an average price of Rs.19.98 per share.
3.	Average Market Price of the shares which have been subscribed during the preceding six months.	Rs.21.71 per share (from Jan. 01, 2009 to June 30, 2009)
4.	Break-up value of shares purchased on the basis of last published financial statements	Rs.24.60 per share as per financial statements dated June 30, 2008
5.	Price at which shares have been purchased	2,009,500 ordinary shares have been purchased during the period between July 01, 2008 to June 30, 2009 at an average price of Rs.19.98 per share for an aggregate amount of Rs.40,141,990
6.	Earnings per share of the investee company for the last three years	2006: Rs.2.39 per share 2007: Rs.2.29 per share 2008: Rs.2.25 per share

7.	Sources of funds from which shares have been purchased	Running cash of the Fund
8.	Period for which investment was made	Short term to medium term
9.	Purpose of investment	To have dividend income and capital gains which would be in the ultimate interest of the shareholders
10.	Benefit likely to accrue to the shareholders from the proposed investment	The company would be earning capital gains and dividends with low volatility due to stable rate of the investment, which would be in the ultimate interest of the shareholders.
11.	Interest of directors and their relatives in the investee company	The directors of the Company and their relatives have no interest in the investee company directly or indirectly except to the extent of their shareholding in the investee company.

DIRECTORS' REPORT



Imran Motiwala
Chief Executive Officer

The Board of Directors of Golden Arrow Selected Stocks Fund Limited (GASSFL) is pleased to present its report along with the accounts of the Fund for the financial year ended 30th June 2009.

Investment Strategy

GASSFL is designed to invest in fundamentally strong companies offering deep-value, coupled with a few cherry-picked growth stocks. The fund's main focus is equities, and minor exposures are taken in fixed income and money market if equities lack opportunity.

Fund Performance

The Fund has posted a full year loss (carried to distribution statement) of PkR 394.759mn versus PkR 35.191mn profit last year. This includes capital loss of PkR238.469mn, a dividend income of PkR39.639mn, interest on bank balances of PkR 12.416mn and PkR 207.810mn loss through unrealized diminution on re-measurement of investments.

The NAV of the fund started the year at PkR 8.14 (Ex-NAV June 30, 2008) and declined to PkR 5.47 at the close of the year. The NAV of the fund declined by 32.82% during the year.

Market Performance

Capital markets remained volatile during FY09 owing to political, economic and systemic issues. The KSE-100 Index started the year at 12,289 and ended at 7,162, declining by 41.72% during the period. The market freeze at the end of August remained the key highlight of the year as the deadlock between brokers and CFS financiers aggravated and the market remained virtually closed for more than three months. The year witnessed one of the worst declines as the floor was removed, however, the subsequent rally demonstrated the resilience of the market and confidence of the investors. Despite the strong come back, the index lost 5,127 points in the year and ended in the negative territory.

Economy

The real economy of Pakistan grew by a mere 2.0% in 2008-2009 on the back of strong growth in the agriculture and services sector. The growth remained low due to the dismal performance of the Large Scale Manufacturing sector that resulted from an acute shortage of energy, deteriorating security situation and political disruptions in March 2009.

The sharp rise in international commodity prices combined with global financial meltdown adversely impacted the macroeconomic indicators. Economic vulnerabilities were additionally exacerbated due to expenditure overruns owing to generous subsidies, declining Foreign Direct Investment along with the adverse economic and social impact of the ongoing war on terror that Pakistan has proactively supported.

The economy took the full brunt of these events and as a result the country was pushed into a severe financial crisis. This was reflected by widening current account deficit that led to severe depletion of SBP's dollar reserves and reduction in import cover. This enhanced the default risk on the foreign currency bond by the country. The increasing default risk was reflected by subsequent downgrade of debt to B3/CCC+ and a rise in spread of the foreign currency bond by 1550 bps in international markets.

Eventually the country yet again entered the IMF program and went into economic rehabilitation. The program helped instill some fiscal discipline which is reflected by improving macroeconomic indicators such as current account deficit and inflation.

Future Outlook

We are positive on the future prospects of KSE-100 Index and Pakistan's capital market. The market has succeeded in putting itself on the radar screens of foreign fund managers investing in emerging markets.

Additionally, our main strategy of buying fundamentally strong, under valued stocks remains intact. The strategy has helped us maximize our shareholder's returns and we believe that it will help us continue to perform exceptionally well in the years to come.

STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- 1) The financial statements, cash flow and changes in equity 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 non-applicability, if any, has been adequately disclosed.
- 5) The existing system of internal control sound and designed and have effectively implemented and control by the Company.
- 6) The existing system of internal 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.
- 7) There are no doubts upon the Company's ability to continue as a going concern.
- 8) The Corporate Governance regulations, as detailed in the listing regulations, have been fully complied.
- 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. Faisal Bengali	4	1
Mr. Muhammad Rafiq Tumbi	4	2
Miss Ayesha Aqeel Dhedhi	4	4
Mr. Imran Motiwala	4	2
Mr. Abdullah Amin	4	1
Mr. Taufique Habib	4	4
Ms. Nausheen Rafiq Tumbi	4	4
Miss Parveen Akhter Malik (Nominee Director of SPIAICL)	4	2

The trades in the shares of the Company carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children are as under:

Traded By:	Purchases -----	Bonus & Right (No. of Shares)	Sales -----
Directors			
Mr. Ahmed Abdul Sattar	-	4,959	-
Mr. Imran Motiwala	1,000	-	-
Mr. Taufique Habib	-	721	-
Mr. Muhammad Rafiq Tumbi	-	235	-
Miss Ayesha Aqeel Dhedhi	-	1,010	-
Ms. Nausheen Rafiq Tumbi	-	1,010	-
Miss Parveen Akhter Malik (Nominee Director of SPIAICL)	-	7,620	66,580
Company Secretary			
Mr. Muhammad Amin Hussain	-	-	-

Rating of Golden Arrow Selected Stocks Fund Limited

JCR-VIS has assessed the performance ranking of Golden Arrow Selected Stocks Fund Limited (GASFL) for the period March 31, 2009 at 'MFR 5-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.

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 19, 2009

Imran Motiwala
Chief Executive Officer



 **mark the aim**

FUND MANAGER'S REPORT

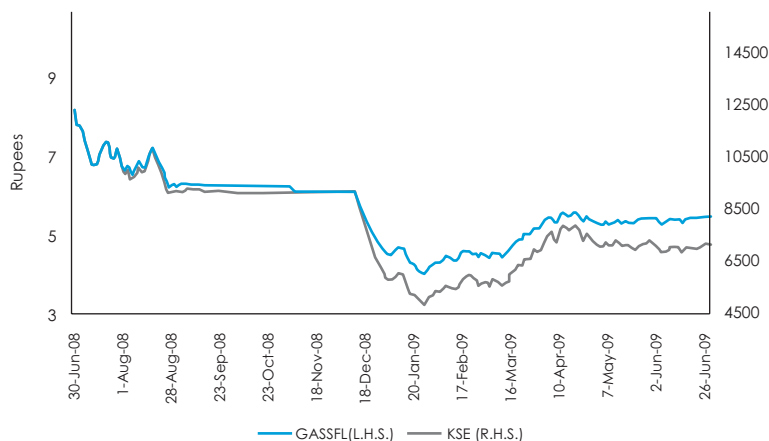
Fund Description and Investment Objective

Golden Arrow Selected Stocks Fund Limited (GASSFL) is Pakistan's oldest privately held closed-end mutual fund and it was acquired by AKD Investment Management Limited (AKDIML) in September 2004. Following a conservative philosophy of only investing in under-valued stocks, offering deep value, coupled with a few cherry-picked growth companies, GASSFL has posted one of the industry leading performances, since coming under AKDIML's management control.

Investment in the Fund will provide investors with a means to access the capital markets by utilizing the professional fund management expertise provided by AKD Investment Management Limited (AKDIML).

Fund Performance

GASSFL posted a negative return of 33.54%, while the benchmark KSE-100 Index declined by 41.72%, thus the fund outperformed the KSE-100 Index by 8.18%. In FY08, GASSFL posted a return of 1.98%, while the benchmark KSE-100 Index posted a negative return of 10.77%.



Economic Outlook

FY09 was a turbulent year for the economy of Pakistan. The combination of international and domestic issues led to deterioration of economic fundamentals of the country. The combination of spike in international oil prices, deteriorating security situation, political disruptions and adverse impact of the war on terror proved too much for the economy and eventually key indicators collapsed. The burgeoning current account deficit led to depletion of foreign currency reserves that exacerbated currency depreciation, further accelerating the accumulation of deficits. The worsening financial condition forced the government to seek external assistance in the form of aid and loans. As a result, the Government of Pakistan successfully secured commitments worth \$1.6bn from various agencies for the next two years. The budget of FY09 was expected to address the issue of fiscal deficit through the implementation of stringent IMF conditions to increase the tax to GDP ratio substantially. However, the budget failed to address this since the proposed revenue collection was revised downwards later owing to pressure from business community.

Going forward we believe that the IMF will play an increasing role in the determination of economic policies. The achievement of policy targets is essential to the continued disbursement of the scheduled disbursements by the lending agency. In addition to this other donor and lending agencies will be closely watching the actions of the IMF, hence, any delay in the scheduled payments would put at risk the financial assistance from these agencies as well.

For capital market investors, the overall economy is always the major cause of concern for most investors. Here, we would also like to see concrete steps from the government on the following:

- o **Trade** - The trade gap has historically been a problem for Pakistan. However, due to diminished inflows bridging this gap is critical to overall economic survival of the country. The government is expected to develop a comprehensive trade policy to focus on upliftment of the textile sector and diversification of export base to non-traditional sources.
- o **Policy Rate** - High interest rates have made an impact on the aggregate demand and overall import bill. However, this has come at the expense of stagnation of local business activity. The premise for keeping interest rates high has been to counter inflation which has lately been on the declining trend. We expect that the discount rate will be reduced upto 300bps by the end of 2009 to reflect a more realistic value.
- o **PkR/US\$ parity, FDI and FPII** - The weakening currency and high interest rates are having a negative impact on the capital account. We believe the biggest challenge for the government is to maintain and increase the investment inflow. Hence, we expect a greater amount of effort on this front. Going forward, we expect investments in Oil & Gas, Telecommunication, Media and Other sectors will pick-up as time progresses.

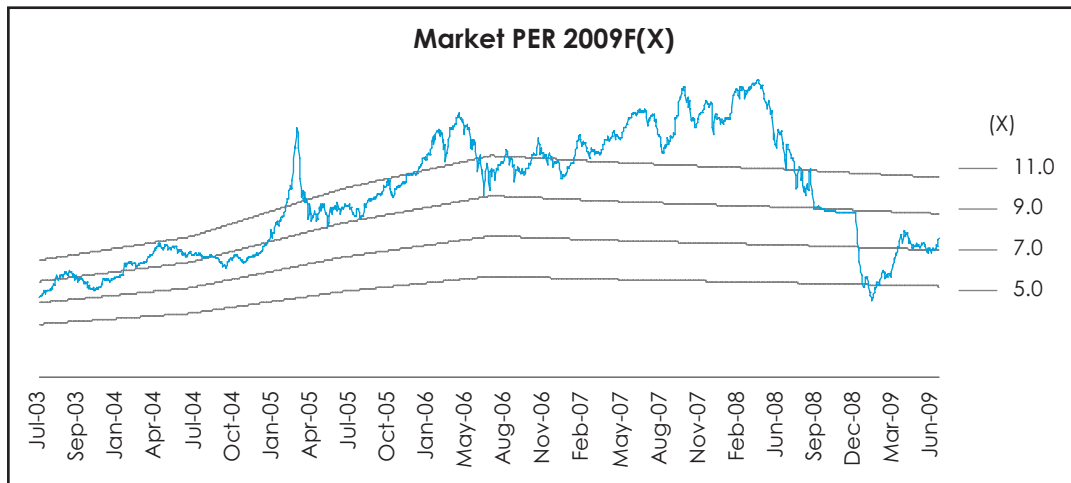
Market Outlook

The benchmark KSE-100 Index posted one of the biggest declines in FY09, where on a year on year (YoY) basis it declined by -41.72%. In our view the recent steep correction has made stocks extremely attractive, as most of the blue-chip stocks are trading in the P/E range of 6x to 8x. Additionally, the market has already priced in the economic challenges. In our opinion, stocks still remain an attractive investment choice, although style and sector selections remain critical.

Absence of CFS financing and deliverable futures will lead to reduced volatility in the market. However, the absence of leveraged product will lead to reduced volumes in the local market thus directly affecting the liquidity in the market. Cash-settled futures have already been introduced to substitute the traditional futures product; however, the product has a cold response from the investor community.

We maintain a conservative market outlook for FY10. This is because we believe that Pakistan is still recovering from the aftershocks of the global financial crisis and the commodity spike. For investors knowledge we would like to briefly outline our strategy for the coming year, which is as follows:

- o We reiterate our preference for large caps in sectors that remain insensitive to rupee devaluation. This has worked out well throughout the year and we do not foresee any change in this strategy, going forward.
- o Our preference for stocks with high-dividend yields has increased owing to our expectations of limited capital gains opportunity. We prefer companies with stable payouts in Power and Exploration and Oil Production Sector.
- o We believe small caps will struggle to maintain margins in the face of slowing economic growth. Larger caps should be less affected as they tend to have more pricing power and operate in more defensive sectors; there is a greater proportion of commodity-related stocks in the large-cap group (e.g OGDC, PPL and POL). Hence, our portfolio was and remains skewed towards stocks of Exploration and Production companies, which are likely to benefit from reversal in international oil prices. Furthermore, we also like large banks over small banks, as they are now trading at attractive levels and have the necessary reach to tap into low cost funds relative to small cap banks which are finding it hard to manage the liquidity situation.
- o Large-cap stocks also tend to have a higher dividend yield and stronger balance sheets - both helpful attributes given that the upside risk to interest rates and inflation remains high. Furthermore, we expect higher dividend payout from government owned entities, which bodes well for the overall portfolio.



As on June 30, 2009

Source: AKD Research

Pakistan's capital market is still cheaper than the comparative regional emerging markets. This makes the market very attractive for foreign fund managers looking for value and growth potential.

Regional/Country/Industry	PE	EPS Growth	PBV	ROE	DY	EV/EBITDA
Group	10E	10E	09E	09E	09E	09E
Regional	13.4	22.00%	1.7	10.20%	3.20%	8.4
Pakistan	6.4	18.00%	1.2	16.20%	9.30%	4.9
China	12.7	18.50%	2.1	13.70%	2.50%	7.4
Hong Kong	15.6	17.80%	1.3	7.00%	3.60%	12.4
India	13.5	20.20%	2.4	15.00%	1.40%	10.2
Indonesia	12	11.70%	3.0	22.60%	3.10%	7.6
Korea	10.2	44.70%	1.3	8.80%	1.50%	8.0
Malaysia	14.5	13.80%	1.8	10.60%	3.20%	8.9
Philippines	13.2	12.40%	2.1	13.90%	3.60%	7.3
Thailand	9.5	16.30%	1.4	12.90%	3.90%	6.3

Source: Morgan Stanley and AKD Securities - 3rd July 2009

Taking a closer look at valuation matrix for Pakistani capital market gives us further confidence in the depth of growth of the market.

July 1, 2009	2006A	2007A	2008A	2009F	2010F
EPS (Pkr)	7.06	6.80	6.61	6.36	7.51
EPS chg (%)	17.6	(3.6)	(2.7)	(3.8)	18.0
Price to Earnings (x)	6.8	7.1	7.3	7.6	6.4
Price to Book (x)	1.8	1.4	1.4	1.2	1.1
Dividend Yield (%)	8.7	7.7	7.6	9.3	10.0
Return on Equity (%)	26.4	20.3	18.9	16.2	17.6
Return on Assets (%)	5.6	4.5	3.9	3.5	3.8
Chg in Sales (%)	29.6	10.0	25.2	11.6	0.4
Payout (%)	59.2	52.8	53.5	67.7	61.5

Source: AKD Securities - 3rd July 2009

Fund Activity and Strategy

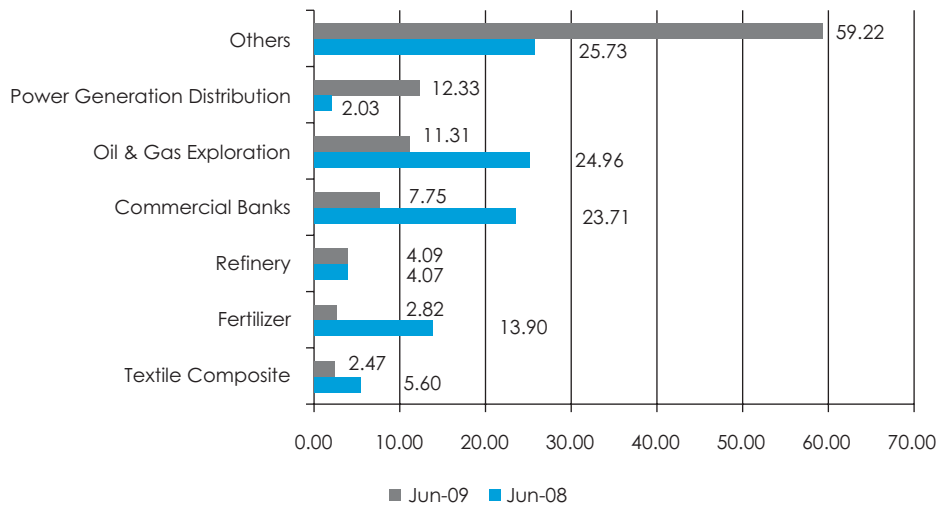
Golden Arrow Selected Stocks Fund Ltd posted a YoY return of -33.54%, based on a starting Ex-NAV of 8.23 and an ending NAV of Rs.5.47.

	Cumulative Performance % (Dividends re-invested)				
	YTD	1 Month	3 Months	6 Months	1 Year
KSE 100	-41.72%	-1.57%	4.40%	22.12%	-41.72%
GASSFL	-33.54%	1.11%	6.84%	20.57%	-33.54%

The portfolio changed from FY08 owing to changing macroeconomic fundamentals. Exposure was increased in defensive sectors that remain protected from foreign currency and interest rate fluctuation. In line with our strategy, exposure in the Oil & Gas Exploration & Production was increased as the companies offered strong earnings and payouts for the year. The sector enjoys dollar denominated returns, hence, the recent depreciation of the Pak rupee were seen to greatly enhance earnings of the sector.

Exposure in Commercial Banks was curtailed to the fundamentally sound banks. This is because of the increased risk of non-performing loans and lagging advances and deposit growth. Hence, positions in weaker banks with increased provisioning were exited. The banks were included in the portfolio as they reached attractive valuations. The regulator increased the FSV requirement, which we believe reduced transparency of risks of the bank.

Exposure in the Auto sector remained confined mainly to tractor manufacturers, which we view, will benefit due to their defensive nature in the current scenario. Following is a graphical representation of sector-wise exposure of the fund's portfolio as it stands on 30th June 09:



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

This statement is being presented to comply with the Code of Corporate Governance as contained in Regulation No.37 and 43 of the listing regulations of the Karachi and Lahore Stock Exchanges, respectively 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 five 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 NBFI. or, being member of stock exchange, has been declared as a defaulter by such stock exchange.
- 4) During the year two casual vacancies occurred in the Board which was duly filled within 30 days.
- 5) The Company has complied with the Best Practices contained in the Code of Corporate Governance and the management has initiated necessary steps to ensure its full implementation.
- 6) The Board has developed a vision and mission statement and an overall corporate strategy and significant policies of the Company.
- 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, 2009. Written notices of the Board Meetings alongwith 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 Article 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, 2009 has been prepared in compliance with the requirements of the Code of Corporate Governance.
- 12) The financial statements of the Company were duly signed 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 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 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 Ford Rhodes Sidat Hyder & Co. Chartered Accountants, Karachi, who are considered suitably qualified and experienced for the purpose and well conversant with the policy and procedure 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 and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
- 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 19, 2009

Imran Motiwala
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON 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 Listing Regulation No. 35 of the Karachi Stock Exchange and (Chapter XI) of the Lahore Stock Exchange 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 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 (xii) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular 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 this requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. 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, 2009.

Karachi
Dated: August 19, 2009

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, 2009 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, 2009 and of the loss, its distributions, its cash flows, changes in equity and movement in equity and reserves - 'per share' for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: August 19, 2009

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

Financial Statements



STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2009

	Note	2009	2008
(Rupees In '000)			
ASSETS			
Bank balances	4	280,115	56,208
Receivable against sale of investments		-	770
Investments	5	545,849	1,203,062
Loans and Receivables	6	10,000	-
Dividend and other receivables	7	6,633	10,256
Prepayments and Security Deposits	8	2,500	2,528
Total Assets		845,097	1,272,824
LIABILITIES			
Payable against purchase of investments		1,930	-
Remuneration payable to Management Company	9	3,360	25,768
Accrued expenses and other liabilities	10	1,575	2,086
Unclaimed dividend		6,798	7,029
Total Liabilities		13,663	34,883
NET ASSETS		831,434	1,237,941
SHARE HOLDER'S EQUITY			
Authorised capital			
250,000,000 (June 30, 2008: 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, 2008: 135,198,528) ordinary shares of Rs. 5 each	12	760,492	675,993
General reserves		500	500
Unrealised appreciation on re-measurement of investments classified as 'available-for-sale' - net		9,251	20,999
Undistributed income		61,191	540,449
		831,434	1,237,941
NET ASSETS VALUE PER SHARE - RUPEES	13	5.47	9.16
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 33 form an integral part of these financial statements.

Imran Motiwala
Chief Executive Officer

Taufique Habib
Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees In '000)	
Income			
Capital (loss) / gain on sale of investments - net	15	(238,469)	112,428
Dividend income		39,639	48,723
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.6	(207,810)	(106,022)
Unrealised gain on letters of rights	5.8	-	666
Income on term finance certificates		17,003	1,661
Profit on bank deposits		12,416	12,581
Income on Government Securities		1,593	-
Income on Commercial Papers		1,419	-
Income on Letter of Placements		81	-
Total Income		(374,128)	70,037
Operating expenses			
Remuneration to Management Company	9	16,560	25,768
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		803	1,288
Remuneration to Custodian - Central Depository Company of Pakistan Limited (CDC)		465	812
Auditors' remuneration	16	285	277
Legal and professional charges		64	248
Annual listing fee		284	238
Central Depository System charges		262	283
Fees and subscription		120	906
Brokerage and capital value tax		950	4,918
Bank charges		14	18
Director's fee		63	25
Printing and related cost		761	65
Total expenses		20,631	34,846
Net (loss) / income before taxation		(394,759)	35,191
Taxation	17	-	-
Net (loss) / income after taxation		(394,759)	35,191
		----- (Rupees) -----	
(Loss) / Earnings per share	18	(2.60)	0.23

The annexed notes 1 to 33 form an integral part of these financial statements.

Imran Motiwala
Chief Executive Officer

Taufique Habib
Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
	(Rupees In '000)	
Undistributed income brought forward	540,449	658,893
Bonus issue for the year ended June 30, 2008 @ 12.5% {(Re. 0.625 per share) (2007 : Re. 0.50 per share)}	(84,499)	(61,454)
Final cash dividend for the year ended June 30, 2007 @ 15% (Re. 0.75 per share)	-	(92,181)
(Loss) / Income after taxation for the year	(394,759)	35,191
Undistributed income carried forward	<u>61,191</u>	<u>540,449</u>

The annexed notes 1 to 33 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, 2009

Note	2009	2008
	(Rupees In '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income before taxation	(394,759)	35,191
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'	207,810	106,022
Remuneration to Management Company	16,560	25,768
Dividend income	(39,639)	(48,723)
Unrealised gain on letters of rights	-	(666)
Remuneration to Custodian	465	812
	(209,563)	118,404
(Increase) / decrease in assets		
Receivable against sale of investments	770	12,311
Investments - net	437,655	(84,303)
Prepayments and Security Deposits	28	(2,528)
Dividend and other receivables	(4,026)	3,413
	434,427	(71,107)
Increase / (decrease) in liabilities		
Payable against purchase of investments	1,930	(13,008)
Accrued expenses and other liabilities	(480)	373
	1,450	(12,635)
Cash generated from operations	226,314	34,662
Remuneration paid to the Management Company	(38,968)	(20,913)
Remuneration paid to Custodian	(496)	(856)
Dividend received	47,288	41,958
	234,138	54,851
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(231)	(91,350)
Net increase / (decrease) in cash and cash equivalents	233,907	(36,499)
Cash and cash equivalents at the beginning of the year	56,208	92,707
Cash and cash equivalents at the end of the year	19 290,115	56,208

The annexed notes 1 to 33 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, 2009

	Share Capital	Reserves for issue of bonus shares	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, 2007	614,539	-	500	34,593	658,893	1,308,525
Unrealised diminution on re-measurement of investments classified as 'available-for-sale' - net	-	-	-	(14,126)	-	(14,126)
Realised on disposal during the year	-	-	-	532	-	532
Transfer to reserve for issue of bonus shares @ 10% for the year ended June 30, 2007	-	61,454	-	-	(61,454)	-
Bonus issue for the year ended June 30, 2007 @ 10%	61,454	(61,454)	-	-	-	-
Final cash dividend for the year ended June 30, 2007 @ 15% (Re. 0.75 per share)	-	-	-	-	(92,181)	(92,181)
Income for the year ended June 30, 2008	-	-	-	-	35,191	35,191
Balance as at June 30, 2008	675,993	-	500	20,999	540,449	1,237,941
Unrealised diminution on re-measurement of investments classified as 'available-for-sale' - net	-	-	-	(12,817)	-	(12,817)
Realised on disposal during the year	-	-	-	1,069	-	1,069
Transfer to reserve for issue of bonus shares @ 12.5% for the year ended June 30, 2008	-	84,499	-	-	(84,499)	-
Bonus issue for the year ended June 30, 2008 @ 12.5%	84,499	(84,499)	-	-	-	-
Loss for the year ended June 30, 2009	-	-	-	-	(394,759)	(394,759)
Balance as at June 30, 2009	760,492	-	500	9,251	61,191	831,434

The annexed notes 1 to 33 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, 2009

	2009	2008
	(Rupees In '000)	
Net assets value per share at the beginning of the year	9.16	10.65
Capital (loss) / gain on sale of investments - net	(1.57)	0.83
Dividend income	0.26	0.36
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1.37)	(0.78)
Income on term finance certificates	0.11	0.01
Profit on bank deposits	0.08	0.09
Income on Government Securities	0.01	-
Income on Commercial Papers and Letter of Placements	0.01	-
Net (loss) / income for the year	(2.47)	0.51
Operating expenses	(0.14)	(0.27)
Unrealised diminution on re-measurement of investments classified as 'available-for-sale'	(0.08)	(0.10)
Dilution due to issue of bonus shares	(1.00)	(0.88)
Final cash dividend for the year ended June 30, 2007 @ 15% (Re. 0.75 per share)	-	(0.75)
Net assets value per share as at June 30, 2009	<u>5.47</u>	<u>9.16</u>

The annexed notes 1 to 33 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, 2009

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.

The Securities and Exchange Commission of Pakistan (SECP) notified the Non-Banking Finance Companies and Notified Entities Regulations, 2008 during the year. As per clause 65 of these regulations an asset management company managing an investment company shall, upon the expiry of 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 STATEMENT OF COMPLIANCE

2.1 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

During the year ended June 30, 2009, IFRS 7 'Financial Instruments: Disclosure' became effective. IFRS 7 has superseded IAS 30 and the disclosure requirements of IAS 32. Adoption of this standard has only resulted in additional disclosures which have been set out in notes 11, 21, 22 and 23 to these financial statements.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 but were considered not relevant or did not have any significant effect on the Company's operations.

2.3 Standards, interpretations and amendments to published approved IFRS that are not yet effective

IAS 1 (Revised), 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-

owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective statement or reclassifies items in the financial statements, the entity will be required to present a restated financial position (balance sheet) as at the beginning of the comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (Effective from January 1, 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the Company's financial statements.

IFRS 7 (Amendment), 'Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the Company's financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the Company's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or to 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 are as follows:

- Classification and valuation of investments (note 3.2.1, 3.2.4, 5 and 6)

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 are carried in the balance sheet at cost. 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 appropriate the 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.

Investments in unquoted debt securities, if any, are carried at fair value.

b) Loans and receivables

These are non-derivatives 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.

d) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity.

These investments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition these investments are carried at amortised cost.

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

The SECP vide its circular no. 1/2009 dated January 06, 2009 has changed the methodology for valuation of debt securities. Under the said directive, term finance certificates are valued on the basis of traded, thinly traded and non traded securities. The circular also specifies the criteria for the provisioning of non-performing debt securities. Accordingly, term finance certificates have been valued at the rates determined and announced by MUFAP based on the methodology prescribed in the said circular. Prior to the issuance of the said circular investment in term finance certificates were valued at the rates notified by MUFAP in accordance with the requirements of Regulation 2(1)(xvi) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

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 balance sheet 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 equity until these are derecognised. At this time, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

3.2.5 Impairment

The Company assesses at each balance sheet 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 equity to income statement. Impairment losses recognised on equity instruments are not reversed through 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 balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends 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 events, 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 year as reduced by capital gains, whether realised or unrealised to its shareholders every year.

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	2009	2008
(Rupees In '000)			
4 BANK BALANCES			
In saving accounts		273,348	49,210
In current accounts		6,767	6,998
		<u>280,115</u>	<u>56,208</u>
5 INVESTMENTS			
Financial assets at fair value through profit or loss			
- Quoted equity securities - held for trading	5.1	406,781	1,093,034
- Fixed income and other debt securities	5.2	107,487	40,000
- Derivative financial instruments - held for trading	5.8	-	666
Available for sale			
- Quoted equity securities	5.3	31,581	49,835
- Fixed income and other debt securities	5.4	-	12,527
Held to maturity			
- Fixed income and other debt securities	5.5	-	7,000
		<u>545,849</u>	<u>1,203,062</u>

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					Balance as at June 30, 2009				Percentage in relation to		
	Opening balance	Purchases during the year	Bonus / Rights issue	Sales during the year	Closing balance	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital	
----- Rupees in '000' -----												
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise												
MODARABAS												
B.R.R. Guardian Modaraba	542,280	-	-	542,280	-	-	-	-	-	-	-	-
COMMERCIAL BANKS												
Allied Bank Limited	387,720	-	-	387,720	-	-	-	-	-	-	-	-
Bank Alfalah Limited	1,928,300	-	106,400	1,077,100	957,600	-	-	(24,847)	1.85	1.22	-	0.07
Bank Alfalah Limited - Letter of Rights	-	-	964,150	964,150	-	-	-	-	-	-	-	-
Bank of Khyber Limited	1,404,000	-	317,000	1,36,000	1,585,000	-	-	(13,552)	0.82	0.54	-	0.32
Habiba Bank Limited	14,400	-	-	14,400	-	-	-	-	-	-	-	-
MCB Bank Limited	149,600	150,000	-	199,600	100,000	-	-	1,737	2.84	1.86	-	0.01
My Bank Limited	196,500	-	-	196,500	-	-	-	-	-	-	-	-
National Bank of Pakistan Limited	490,000	50,000	53,000	225,000	368,000	-	-	(17,970)	4.52	2.97	-	0.03
United Bank Limited	186,450	154,800	-	341,250	-	-	-	(54,632)	-	-	-	-
INSURANCE												
Central Insurance Company Limited	49,800	10,600	12,684	-	73,084	-	-	2,687	0.49	0.32	-	0.36
Adamjee Insurance Company Limited	25,000	-	2,500	-	27,500	-	-	2,310	0.42	0.28	-	0.02
TEXTILE SPINNING												
Gadoon Textile Mills Limited	166,800	-	-	15,100	151,700	-	-	2,430	0.45	0.29	-	0.65
Indus Dyeing Limited	41,700	-	-	-	41,700	-	-	3,377	0.37	0.25	-	0.23
TEXTILE COMPOSITE												
Artistic Denim Mills Limited	455,400	10,000	-	300,600	164,800	-	-	3,701	0.68	0.45	-	0.20
Nishat Mills Limited	500,500	150,000	-	250,000	400,500	-	-	15,147	2.77	1.82	-	0.17
Nishat Mills Limited - Letter of Rights	-	-	312,750	312,750	-	-	-	-	-	-	-	-
Suraj Cotton Mills Limited	130,000	-	-	-	130,000	-	-	6,955	0.31	0.20	-	0.72
SYNTHETICS AND RAYON												
Dewan Salman Fibre Limited	697,000	-	-	697,000	-	-	-	-	-	-	-	-
Ibrahim Fibres Limited	37,000	-	-	-	37,000	-	-	1,103	0.20	0.13	-	0.01
JUTE												
Thal Limited (face value Rs. 5 each)	100,600	-	40,240	-	140,840	-	-	10,908	2.00	1.31	-	0.33
SUGAR AND ALLIED INDUSTRIES												
JDW Sugar Mills Limited	121,536	50,000	25,730	-	197,266	-	-	8,583	1.57	1.03	-	0.46
CEMENT												
D.G. Khan Cement Company Limited	-	300,000	-	300,000	-	-	-	-	-	-	-	-
TOBACCO												
Pakistan Tobacco Company Limited	-	7,900	-	-	7,900	-	-	576	0.11	0.07	-	0.00
REFINERY												
National Refinery Limited	93,300	-	-	-	93,300	-	-	20,528	3.76	2.47	-	0.12
Pakistan Refinery Limited	150,000	-	-	-	150,000	-	-	22,707	2.47	1.62	-	0.43
								33,998				
								(16,463)				

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					Balance as at June 30, 2009				Percentage in relation to		
	Opening balance	Purchases during the year	Bonus / Rights issue	Sales during the year	Closing balance	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital	
----- Rupees in '000' -----												
POWER GENERATION AND DISTRIBUTION												
Hub Power Company Limited	-	2,009,500	-	469,500	1,540,000	27,903	41,719	13,816	7.64	5.02	0.13	
Kohinoor Energy Limited	909,500	-	-	-	909,500	24,692	26,857	2,165	4.92	3.23	0.54	
Stara Energy Limited	9,700	208,000	-	9,700	208,000	4,707	4,066	(641)	0.74	0.49	1.09	
Kot Addu Power Company Limited	-	351,400	-	-	351,400	11,413	14,850	3,437	2.72	1.79	0.04	
Nishat Power Limited - note 5.1.1	-	1,500,000	-	-	1,500,000	15,000	102,492	18,777	2.75	1.80	0.55	
OIL & GAS MARKETING COMPANIES												
Pakistan State Oil Company Limited	-	153,400	-	103,400	50,000	4,876	10,683	5,807	1.96	1.28	0.03	
Sui Southern Gas Company Limited	700,000	438,500	-	1,138,500	-	4,876	10,683	5,807	-	-	-	
OIL & GAS EXPLORATION COMPANIES												
Oil and Gas Development Company Limited	850,010	50,000	-	443,800	456,210	52,709	34,304	(18,405)	6.28	4.13	0.01	
Pakistan Oilfields Limited	205,000	75,000	40,600	317,900	700	181	102	(79)	0.02	0.01	0.00	
Pakistan Petroleum Limited	525,200	-	46,540	257,000	314,740	70,385	59,656	(10,729)	10.93	7.18	0.04	
						123,275	94,062	(29,213)				
ENGINEERING												
Huffaz Seamless Pipe Industries Limited	154,080	5,200	24	159,299	5	0	-	-	-	-	0.00	
						0	-	-				
AUTOMOBILE ASSEMBLER												
Al-Chazi Tractors Limited	68,100	-	-	-	68,100	18,547	11,032	(7,515)	2.02	1.33	0.16	
(face value Rs 5 each)	45,000	-	4,450	49,450	-	18,547	11,032	(7,515)	-	-	-	
Milfat Tractors Limited	-	-	-	-	-	-	-	-	-	-	-	
TRANSPORT												
Pakistan National Shipping Corporation	200,000	-	-	-	200,000	14,310	9,232	(5,078)	1.69	1.11	0.15	
						14,310	9,232	(5,078)				
TECHNOLOGY AND COMMUNICATION												
Eye Television Network	100,000	-	-	100,000	166,600	6,437	2,872	(3,565)	-	-	-	
Pakistan Telecommunication Company Ltd.	166,600	-	-	-	-	6,437	2,872	(3,565)	0.53	0.35	0.00	
FERTILIZER												
Engro Chemicals Pakistan Limited	10,750	68,000	-	78,750	182,500	63,896	23,453	(40,443)	-	2.82	0.17	
Dawood Hercules Chemicals Limited	305,900	5,000	30,000	158,400	-	63,896	23,453	(40,443)	4.30	-	-	
Fauji Fertilizer Company Limited	370,100	40,000	-	410,100	-	63,896	23,453	(40,443)	-	-	-	
CHEMICALS												
Stara Chemical Industries Limited	74,900	1,300	-	-	76,200	19,198	11,925	(7,273)	2.18	1.43	0.37	
FOOD AND PERSONAL CARE PRODUCTS												
Unilever Pakistan Limited	7,960	-	-	7,960	-	-	-	-	-	-	-	
GLASS AND CERAMICS												
Shabbir Tiles & Ceramics Limited	37,200	-	44,640	-	81,840	2,596	1,146	(1,450)	0.21	0.14	0.11	
(face value Rs 5 each)						2,596	1,146	(1,450)				
TOTAL LISTED EQUITY SECURITIES - June 30, 2009						602,786	406,781	(196,005)				
TOTAL LISTED EQUITY SECURITIES - June 30, 2008						1,199,056	1,093,034	(106,022)				

5.1.1 Shares of the company have been acquired under Pre- Initial Public offering (IPO). An application for listing of the shares of the company has been filed with the Karachi Stock Exchange (Guarantee) Limited. The shares of the company have been valued at cost.

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, 2009			Percentage in relation to	
	Opening balance	Purchases during the year	Sales during the year	Closing balance	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets
----- Rupees in '000' -----									
5.2.1 Term Finance Certificates									
JDW Sugar Mills Limited (face value Rs 5,000 each)	8,000	-	-	8,000	40,000	37,016	(2,984)	6.78	4.45
Al-Abbas Sugar Mills Limited (face value Rs 5,000 each)	-	6,000	-	6,000	27,143	24,719	(2,424)	4.53	2.97
Pakistan Mobile Communication Limited (face value Rs 5,000 each)	-	10,496	-	10,496	52,149	45,752	(6,397)	8.38	5.50
TOTAL SECURITIES - June 30, 2009					119,292	107,487	(11,805)		
TOTAL SECURITIES - June 30, 2008					40,000	40,000	-		

5.2.2 Government Securities

Issue Date	Tenor	Face Value			Balance as at June 30, 2009			Percentage in relation to	
		Opening balance	Purchases during the year	Sales during the year	Closing balance	cost	Market value	Appreciation / (Diminution)	Market value as percentage of net assets
----- Rupees in '000' -----									
Pakistan Investment Bonds October 31, 2006	20 Year	-	25,000	25,000	-	-	-	-	-
TOTAL GOVERNMENT SECURITIES - June 30, 2009									
TOTAL GOVERNMENT SECURITIES - June 30, 2008									

5.3 Quoted Equity Securities - 'Available for Sale'

Name of the investee Company	Number of shares / certificates				Balance as at June 30, 2009			Percentage in relation to			
	Opening balance	Purchases during the year	Bonus / Rights issue	Redemptions during the year	Cost	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
----- Rupees in '000' -----											
LEASING COMPANIES											
Security Leasing Corporation Limited (9.1% Preference shares)	1,500,000	-	-	500,000	1,000,000	10,166	9,100	90	1.68	1.11	2.10
COMMERCIAL BANKS											
National Bank of Pakistan Limited	120,175	-	24,035	-	144,210	4,846	17,726	(8,060)	1.77	1.16	0.01
CABLE AND ELECTRICAL GOODS											
Siemens Engineering (Pakistan) Limited	12,500	-	-	-	12,500	7,318	17,572	(4,847)	2.33	1.53	0.15
FERTILIZER											
Fauji Fertilizer Company Limited	6,700	-	-	6,700	-	-	-	-	-	-	-
TOTAL LISTED EQUITY SECURITIES - June 30, 2009					22,330	44,398	31,581	(12,817)			
TOTAL LISTED EQUITY SECURITIES - June 30, 2008					27,881	64,773	49,835	(14,938)			

5.4 Fixed income and other debt securities - Available for Sale

Name of the Investee Company	Number of certificates				Balance as at June 30, 2009				Percentage in relation to			
	Opening balance	Purchases during the year	Sales during the year	Closing balance	Cost	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital	
***** Rupees in '000' *****												
5.4.1 Term Finance Certificates												
Jahangir Siddiqui & Co. Limited (face value Rs 5,000 each)	1,400	-	1,400	-	-	-	-	-	-	-	-	-
United Bank Limited (face value Rs 5,000 each)	1,300	-	1,300	-	-	-	-	-	-	-	-	-
TOTAL SECURITIES - June 30, 2009												
TOTAL SECURITIES - June 30, 2008					13,482	11,715	12,527	812				

5.5 Fixed income and other debt securities - Held to Maturity

Name of the Investee Company	Number of certificates				Balance as at June 30, 2009				Percentage in relation to			
	Opening balance	Purchases during the year	Sales during the year	Closing balance	Cost	Carrying cost	Market value	Appreciation / (Diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital	
***** Rupees in '000' *****												
5.5.1 Term Finance Certificates												
Trekker (Private) Limited (private Placement amounting to Rs 7,000,000)	1	-	1	-	-	-	-	-	-	-	-	-
TOTAL SECURITIES - June 30, 2009												
TOTAL SECURITIES - June 30, 2008					7,000	7,000	7,000	-				

	Note	2009	2008
		(Rupees In '000)	
5.6 Unrealised diminution on re-measurement of investments classified as 'fair value through profit or loss' - net			
Market value of securities	5.1 & 5.2	514,268	1,133,034
Less: carrying cost of securities	5.1 & 5.2	722,078	1,239,056
		<u>(207,810)</u>	<u>(106,022)</u>
5.7 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'			
Market value of securities	5.3 & 5.4	31,581	62,362
Less: Cost of securities	5.3 & 5.4	22,330	41,363
		<u>9,251</u>	<u>20,999</u>
5.8 Derivative financial instruments			
Unrealised gain on letters of rights		-	666
5.9 Net unrealised diminution in fair value of investments classified as 'available for sale'			
Market value of investments		31,581	62,362
Less: Cost of investments		(22,330)	(41,363)
		<u>9,251</u>	<u>20,999</u>
Less: Net unrealised appreciation in fair value of investments at the beginning of year		(20,999)	(34,593)
Less: Realised on disposal		(1,069)	(532)
		<u>(12,817)</u>	<u>(14,126)</u>

6 LOANS AND RECEIVABLES

	Name of Bank	Maturity Date	Interest Rates	Carrying Amount
				(Rupees in '000')
Term Deposit Receipt	Royal Bank of Scotland	31-Jul-09	12.25%	<u>10,000</u>

7 DIVIDEND AND OTHER RECEIVABLES

	2009	2008
(Rupees In '000)		
Dividend receivable	1,460	9,109
Profit receivable on bank deposits	2,691	334
Advance tax refundable	36	36
Profit receivable on term finance certificates	2,446	777
	<u>6,633</u>	<u>10,256</u>

8 PREPAYMENTS AND SECURITY DEPOSITS

Prepayments		
- Annual Listing fee to Lahore Stock Exchange	-	28
Security Deposits		
- National Clearing Company of Pakistan Limited	2,500	2,500
	<u>2,500</u>	<u>2,528</u>

9 REMUNERATION OF THE MANAGEMENT COMPANY

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Investment Adviser of the 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 Investment Adviser has charged remuneration at the rate of two percent of the average annual net assets of the fund.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2009	2008
		(Rupees In '000)	
Annual fee payable to SECP	10.1	803	1,288
Brokerage Payable		107	127
Custodian Fee		26	57
Auditors' remuneration		200	179
Central Depository Company charges		2	4
Unclaimed amount due to shareholders on reduction of share capital		45	45
Withholding tax payable		1	8
Others		391	378
		<u>1,575</u>	<u>2,086</u>

10.1 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 with effect from November 21, 2008. Previously, annual fee of an amount equal to one tenth of one percent was accrued under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2007.

11 FINANCIAL INSTRUMENTS BY CATEGORY

----- As at June 30, 2009 -----					
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Held to maturity	Total
-----Rupees in '000-----					
Assets					
Bank balances	280,115	-	-	-	280,115
Receivable against sale of investments	-	-	-	-	-
Investments	-	514,268	31,581	-	545,849
Loans and Receivables	10,000	-	-	-	10,000
Dividend and other receivables	6,633	-	-	-	6,633
Security Deposits	2,500	-	-	-	2,500
	<u>299,248</u>	<u>514,268</u>	<u>31,581</u>	<u>-</u>	<u>845,097</u>
----- As at June 30, 2009 -----					
		Liabilities at fair value through profit or loss	Other financial liabilities	Total	
-----Rupees in '000-----					
Liabilities					
Payable against purchase of investments		-	1,930	-	1,930
Remuneration payable to Management Company		-	3,360	-	3,360
Accrued expenses and other liabilities		-	771	-	771
Unclaimed dividend		-	6,798	-	6,798
		<u>-</u>	<u>12,859</u>	<u>-</u>	<u>12,859</u>

----- As at June 30, 2008 -----

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Held to maturity	Total
-----Rupees in '000-----					
Assets					
Bank balances	56,208	-	-	-	56,208
Receivable against sale of investments	770	-	-	-	770
Investments	-	1,133,700	62,362	7,000	1,203,062
Dividend and other receivables	10,256	-	-	-	10,256
Security Deposits	2,528	-	-	-	2,528
	<u>69,762</u>	<u>1,133,700</u>	<u>62,362</u>	<u>7,000</u>	<u>1,272,824</u>

----- As at June 30, 2008 -----

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
-----Rupees in '000-----			
Liabilities			
Remuneration payable to Management Company	-	25,768	25,768
Accrued expenses and other liabilities	1,951	1,951	-
Unclaimed dividend	-	7,029	7,029
	<u>-</u>	<u>34,748</u>	<u>34,748</u>

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009	2008		2009	2008
----- (Number of shares) -----		Fully paid ordinary shares of Rs. 5 each	----- (Rupees In '000) -----	
110,591,593	110,591,593		552,958	552,958
41,506,751	24,606,935	Issued for cash	207,534	123,035
<u>152,098,344</u>	<u>135,198,528</u>	Issued as bonus shares	<u>760,492</u>	<u>675,993</u>

12.1 AKD Investment Management Limited and DJM Securities (Private) Limited hold 18,465,395 (June 30, 2008: 16,413,685) and 42,789,465 (June 30, 2008: 39,273,914) shares respectively of the company as at June 30, 2009. Other related parties as disclosed in note 20 hold 218,423 shares (June 30, 2008 733,427 shares) as at June 30, 2009.

12.2 Pattern of shareholding of the Company as at June 30, 2009 is as follows:

Category	Share Holding		
	Share holders	Number of Shares	Percentage
Individuals	5,787	70,459,725	46.33
Associated Companies and Directors	11	61,329,425	40.32
Insurance Companies	3	76,159	0.05
Banks and DFIs	16	5,151,501	3.39
NBFCs	12	5,631,058	3.70
Retirement Funds	4	200,108	0.13
Public Limited Companies	2	270,000	0.18
Others	80	8,980,368	5.90
Total	5,915	152,098,344	100

12.3 Pattern of shareholding of the Company as at June 30, 2008 was as follows:

Category	Share Holding		
	Share holders	Number of Shares	Percentage
Individuals	5,791	64,495,834	47.70
Associated Companies and Directors	10	56,293,261	41.64
Insurance Companies	3	67,698	0.05
Banks and DFIs	13	2,003,891	1.48
NBFCs	11	5,008,190	3.71
Retirement Funds	4	177,875	0.13
Public Limited Companies	2	240,000	0.18
Others	88	6,911,779	5.11
Total	5,922	135,198,528	100

13 NET ASSETS VALUE PER SHARE

	2009	2008
	(Rupees In '000)	
Total net assets	831,434	1,237,941
Total shares in issue	152,098,344	135,198,528
Net assets value per share - Rupees	5.47	9.16

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2009 and June 30, 2008

15 CAPITAL (LOSS) / GAIN ON SALE OF INVESTMENTS - NET

Securities classified as - 'financial assets at fair value through profit or loss' - net
Securities classified as 'available for sale'

	2009	2008
	(Rupees In '000)	
	(237,198)	112,512
	(1,271)	(84)
	<u>(238,469)</u>	<u>112,428</u>

16 AUDITOR'S REMUNERATION

Annual statutory audit fee
Fee for half yearly review
Fee for review of statement of compliance with the code of corporate governance
Out of pocket expenses

	175	150
	75	75
	25	25
	10	27
	<u>285</u>	<u>277</u>

17 TAXATION

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

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

18 (LOSS) / EARNINGS PER SHARE

Net income after taxation

	2009	2008
	(Rupees In '000)	
	(394,759)	35,191

Number of Shares

Weighted average number of shares

	152,098,344	152,098,344
--	-------------	-------------

----- Rupees -----

Earnings per share

	(2.60)	0.23
--	--------	------

18.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2009 and 2008.

19 CASH AND CASH EQUIVALENTS

Term Deposit Receipts
Bank balances

	2009	2008
	(Rupees In '000)	
	10,000	-
	280,115	56,208
	<u>290,115</u>	<u>56,208</u>

20 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, 2009	For the year ended June 30, 2008
	(Rupees In '000)	
20.1 Transactions during the year		
AKD Investment Management Limited		
Remuneration to Management Company	16,560	25,768
Issue of bonus shares (No. of shares: June 30, 2009: 2,051,710 June 30, 2008: 1,492,153)	10,259	7,461
DJM Securities (Private) Limited		
Issue of bonus shares (No. of shares: June 30, 2009: 5,001,551 June 30, 2008: 3,568,946)	25,008	17,845
Aqeel Karim Dhedhi Securities (Private) Limited		
Purchase of shares (No. of shares: June 30, 2009: Nil; June 30, 2008: 950,000)	-	44,246
Brokerage	-	66
AKD Securities Limited		
Sale of shares (No. of shares: June 30, 2009: 374,200; June 30, 2008: 800,000)	48,442	19,097
Purchase of shares (No. of shares: June 30, 2009: 285,300; June 30, 2008: 3,741,200)	12,584	316,371
Brokerage	85	567
Issue of shares (No. of shares: June 30, 2009: 10; Nil June 30, 2008: 10)	-	0.05
Aqeel Karim Dhedhi Securities (Private) Limited- Staff Provident Fund		
Issue of shares (No. of shares: June 30, 2009: 10,312; June 30, 2008: 10)	52	0.05
AKD Investment Management Limited - Provident Fund		
Issue of shares (No. of shares: June 30, 2009: 5,671; June 30, 2008: 4,125)	28	21
Key management personnel		
Issue of bonus shares to key management personnel (No of shares: June 30, 2009: 15,555; June 30, 2008: 54,186)	78	271
Central Depository Company Of Pakistan Limited (Custodian)		
Fee charged during the year (including transaction charges)	727	1,095

20.2 Transactions outstanding at the year end

AKD Investment Management Limited - Management Company

	June 30 2009	June 30 2008
Remuneration payable	3,360	25,768
Director's fee Payable	13	13
Shares in issue (No. of shares: June 30, 2009: 18,465,395; June 30, 2008: 16,413,685)	92,327	82,068

Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund

Shares in issue (No. of shares: June 30, 2009: 92,935; June 30, 2008: 82,500)	465	413
--	-----	-----

D.J.M Securities (Private) limited

Shares in issue (No. of shares: June 30, 2009: 42,789,465; June 30, 2008: 39,273,914)	213,947	196,370
--	---------	---------

AKD Investment Management Limited Provident Fund

Shares in issue (No. of shares: June 30, 2009: 51,046 June 30, 2008: 45,375)	255	227
---	-----	-----

Key management personnel

Shares held by Key management personnel (No. of shares: June 30, 2009: 74,442; June 30, 2008: 605,552)	372	3,028
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Central Depository Company Of Pakistan Limited - Custodian

Fee payable	26	61
-------------	----	----

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company's Market Rate of Return (MROR) sensitivity related to financial assets and financial liabilities as at June 30, 2009 can be determined from the following:

	----- Exposed to MROR risk ----- as at June 30, 2009				Total
	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR risk	
	-----Rupees in '000-----				
Financial Assets					
Bank balances	273,348	-	-	6,767	280,115
Receivable against sale of investments	-	-	-	-	-
Investments	-	32,484	75,003	438,362	545,849
Loans and receivables	10,000	-	-	-	10,000
Dividend and other receivables	-	-	-	6,633	6,633
Security Deposits	-	-	-	2,500	2,500
	283,348	32,484	75,003	454,262	845,097
Financial Liabilities					
Payable against purchase of investments	-	-	-	1,930	1,930
Remuneration payable to Management Company	-	-	-	3,360	3,360
Accrued expenses and other liabilities	-	-	-	771	771
Unclaimed dividend	-	-	-	6,798	6,798
	-	-	-	12,859	12,859
On-balance sheet gap	283,348	32,484	75,003	441,403	832,238
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total MROR sensitivity gap	283,348	32,484	75,003		
Cumulative MROR sensitivity gap	283,348	315,832	390,835		

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

2009
Percentage per annum

Bank balances 5% to 12%
Term Finance Certificates 14.11% to 15.53%

----- Exposed to MROR risk ----- as at June 30, 2008					
	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	49,210	-	-	6,998	56,208
Receivable against sale of Investments	-	-	-	770	770
Investments	-	-	52,527	1,150,535	1,203,062
Dividend and other receivables	-	-	-	10,256	10,256
Security Deposits	-	-	-	2,500	2,500
	49,210	-	52,527	1,171,059	1,272,796
Financial Liabilities					
Payable against purchase of investments	-	-	-	-	-
Remuneration payable to Management Company	-	-	-	25,768	25,768
Accrued expenses and other liabilities	-	-	-	1,951	1,951
Unclaimed dividend	-	-	-	7,029	7,029
	-	-	-	34,748	34,748
On-balance sheet gap	49,210	-	52,527	1,136,311	1,238,048
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total MROR sensitivity gap	49,210	-	52,527		
Cumulative MROR sensitivity gap	49,210	49,210	101,737		

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

2008
Percentage per annum

Bank balances 6% to 10.25%
Term Finance Certificates 8.29% to 14.44%

22 MATURITIES OF ASSETS AND LIABILITIES

As at June 30, 2009				
	Total	Upto three months	Over three months and upto one year	Over one year
-----Rupees in '000-----				
Liabilities				
Payable against purchase of investments	1,930	1,930	-	-
Remuneration payable to Management Company	3,360	3,360	-	-
Accrued expenses and other liabilities	1,575	1,575	-	-
Unclaimed dividend	6,798	6,798	-	-
	13,663	13,663	-	-
	13,663	13,663	-	-

As at June 30, 2008

	Total	Upto three months	Over three months and upto one year	Over one year
-----Rupees in '000-----				
Liabilities				
Payable against purchase of investments	-	-	-	-
Remuneration payable to Management Company	25,768	25,768	-	-
Accrued expenses and other liabilities	2,086	2,086	-	-
Unclaimed dividend	7,029	7,029	-	-
	<u>34,883</u>	<u>34,883</u>	<u>-</u>	<u>-</u>
	<u>34,883</u>	<u>34,883</u>	<u>-</u>	<u>-</u>

23 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:

23.1 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.

23.1.1 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.

23.1.2 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.

23.1.3 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 no more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 25% of net assets.

In case of 5% increase / decrease in KSE 100 index on June 30, 2009, net loss for the year would decrease / increase by Rs. 3.859 million (2008: Rs. 3.346 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. 0.136 million (2008: Rs. 0 .072 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, 2009 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of KSE 100 index.

23.2 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 dividends 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.

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, 2009 and June 30, 2008:

Term Finance Certificates by rating category	June 30	June 30
	2009	2008
AA, AA-, AA+	42.57%	21.04%
A, A-, A+	57.43%	78.96%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2009 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

23.3 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.

23.4 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, 2009, 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 0.045 million (2008: Rs 0.103 million).

23.5 Sensitivity analysis for fixed rate instruments

As at June 30, 2009, the Company holds Preference shares which are classified as Available for Sale exposing the Company to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Market Association on June 30, 2009, with all other variables held constant, the net assets would be higher / lower by Rs 0.180 million (2008: Rs 0.135 million).

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, 2009 is not necessarily indicative of the impact on the Company's net assets of future movements in interest rates.

24 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 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 dividends paid to shareholders or issue new shares.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

26 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the company in their meeting held on August 19, 2009 have proposed nil dividend for the year ended June 30, 2009 (June 30, 2008: Bonus issue 12.5%).

27 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGERS

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

2009			
Designation	Qualification	Experience in years	
1. Mr. Faisal Bengali	Executive Director (AKD Investment Management Limited)	MBA	15
2. Mr. Imran Motiwala	Chief Executive Officer	BBA	15
3. Mr. Muhammad Amin Hussain	Chief Financial Officer and Company Secretary	ACMA & ACIS	25
4. Mr. Muhammad Yaqoob	Fund Manager - AKD Income Fund	MBA	5
5. Mr. Ahmed Hassan	Fund Manager - AKD Index Tracker Fund	BBA	2
6. Mr. Danish Owais	Research Analyst	BBA	1
7. Mr. Zeeshan Shalwani	Assistant Fund Manager	MBA	1.5
8. Mr. Hammad Anwer	Research Analyst	BSc Economics	1.5

27.1 Mr. Imran Motiwala is the Manager of the Fund. No other Fund is being managed by the Fund Manager.

28 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The Board meetings were held on July 26, 2008, October 15, 2008, February 11, 2009 and April 20, 2009. 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. Faisal Bengali	1	1	-
3 Mr. Muhammad Rafiq Tumbi	4	2	2
4 Miss. Ayesha Aqeel Dhedhi	4	4	-
5 Mr. Taufique Habib	4	4	-
6 Miss. Nausheen Rafique Tumbi	4	4	-
7 Miss. Parveen Akhter Malik	4	2	2
8 Mr. Imran Motiwala	2	2	-
9 Mr. Abdullah Amin	1	1	-

29 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

For the year ended June 30, 2009

Name of Broker

Investment Managers Securities (Pvt) Limited	14.95%
Taurus Securities Limited	12.93%
Al-Falah Securities (Pvt) Limited	11.44%
AKD Securities Limited	9.28%
Elixir Securities Pakistan Limited	9.06%
KASB Securities Limited	7.87%
Cassim Investment (Pvt) Limited	6.88%
Fortune Securities Limited	6.31%
Foundation Securities (Pvt) Limited	5.94%
Pearl Securities (Pvt) Limited	4.09%

For the year ended June 30, 2008

Name of Broker

AKD Securities (Pvt) Limited	12.39%
Al- Falah Securities (Pvt) Limited	10.12%
KASB Securities Limited	10.08%
Fortune Securities (Private) Limited	8.88%
Investment Managers Securities (Pvt) Limited	8.05%
Foundation Securities (Pvt) Limited	7.58%
Taurus Securities (Private) Limited	7.55%
Invest & Finance Securities Limited	7.25%
Invisor Securities (Private) Limited	7.06%
Elixir Securities (Pvt) Limited	5.75%

30 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.

31 RATING OF THE FUND AND INVESTMENT ADVISOR

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

32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 19, 2009 by the Board of Directors of the company.

33 GENERAL

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

33.2 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, 2009

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
541	1	100	22,370	0.01
1,540	101	500	373,064	0.25
618	501	1,000	438,792	0.29
1,681	1,001	5,000	4,027,810	2.65
554	5,001	10,000	3,943,093	2.59
295	10,001	15,000	3,579,576	2.35
109	15,001	20,000	1,880,619	1.24
146	20,001	25,000	3,336,082	2.19
52	25,001	30,000	1,414,063	0.93
68	30,001	35,000	2,196,315	1.44
39	35,001	40,000	1,457,548	0.96
25	40,001	45,000	1,064,336	0.70
23	45,001	50,000	1,090,592	0.72
17	50,001	55,000	890,087	0.59
20	55,001	60,000	1,146,130	0.75
20	60,001	65,000	1,253,320	0.82
10	65,001	70,000	674,771	0.44
12	70,001	75,000	867,360	0.57
10	75,001	80,000	776,945	0.51
6	80,001	85,000	502,357	0.33
10	85,001	90,000	882,177	0.58
8	90,001	95,000	736,922	0.48
7	95,001	100,000	679,105	0.45
3	100,001	105,000	303,750	0.20
6	105,001	110,000	643,365	0.42
7	110,001	115,000	785,480	0.52
6	115,001	120,000	709,554	0.47
11	120,001	125,000	1,360,541	0.89
4	125,001	130,000	503,079	0.33
2	130,001	135,000	269,926	0.18
3	135,001	140,000	412,608	0.27
1	140,001	145,000	144,000	0.09
1	145,001	150,000	150,000	0.10
1	150,001	155,000	150,689	0.10
2	155,001	160,000	315,196	0.21
2	160,001	165,000	324,225	0.21
1	175,001	180,000	180,000	0.12
1	180,001	185,000	180,056	0.12
1	190,001	195,000	192,493	0.13
2	195,001	200,000	391,747	0.26
2	210,001	215,000	421,047	0.28
1	215,001	220,000	216,562	0.14
2	220,001	225,000	446,625	0.29
2	225,001	230,000	457,211	0.30
1	235,001	240,000	237,163	0.16
3	245,001	250,000	744,259	0.49
1	250,001	255,000	254,500	0.17
1	275,001	280,000	276,295	0.18
1	285,001	290,000	287,000	0.19
1	295,001	300,000	296,118	0.19
1	305,001	310,000	307,085	0.20
1	315,001	320,000	316,000	0.21
1	325,001	330,000	327,009	0.21
1	350,001	355,000	354,374	0.23
1	375,001	380,000	376,062	0.25
1	380,001	385,000	383,093	0.25
1	390,001	395,000	393,750	0.26
1	395,001	400,000	395,690	0.26
1	485,001	490,000	486,013	0.32
2	490,001	495,000	989,844	0.65
1	505,001	510,000	509,625	0.34
1	540,001	545,000	541,220	0.36
1	560,001	565,000	562,500	0.37
1	570,001	575,000	572,343	0.38
1	675,001	680,000	676,084	0.44
1	685,001	690,000	688,716	0.45
1	760,001	765,000	761,624	0.50
1	855,001	860,000	857,418	0.56
1	895,001	900,000	896,000	0.59
1	965,001	970,000	967,768	0.64
1	1,080,001	1,085,000	1,082,812	0.71
1	1,130,001	1,135,000	1,134,154	0.75
1	1,350,001	1,355,000	1,350,266	0.89
1	1,580,001	1,585,000	1,581,187	1.04
1	1,870,001	1,875,000	1,872,904	1.23
1	1,995,001	2,000,000	2,000,000	1.31
1	2,050,001	2,055,000	2,053,194	1.35
1	2,110,001	2,115,000	2,114,473	1.39
1	2,195,001	2,200,000	2,199,000	1.45
1	2,435,001	2,440,000	2,438,493	1.60
1	4,155,001	4,160,000	4,155,750	2.73
1	13,610,001	13,615,000	13,612,110	8.95
1	18,465,001	18,470,000	18,465,395	12.14
1	42,785,001	42,790,000	42,789,465	28.13
<u>5,915</u>			<u>152,098,344</u>	<u>100.00</u>

CATEGORIES OF SHARE HOLDERS

AS AT JUNE 30, 2009

PARTICULARS	SHARE HOLDERS	SHAREHOLDING	PERCENTAGE
INDIVIDUALS	5,787	70,459,725	46.33
INSURANCE COMPANIES	3	76,159	0.05
OTHERS	80	8,980,368	5.90
FINANCIAL INSTITUTIONS	16	5,151,501	3.39
NBFC	12	5,631,058	3.70
RETIREMENT FUNDS	4	200,108	0.13
ASSOCIATE & DIRECTORS	11	61,329,425	40.32
PUBLIC LTD COMPANIES	2	270,000	0.18
TOTAL	5,915	152,098,344	100.00

DETAIL OF PATTERN OF SHAREHOLDING

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2009

Particulars	Shares Held	Percentage
Associated Companies, Undertaking and Related Parties		
AKD Investment Management Limited	18,465,395	12.14
DJM Securities (Pvt.) Limited	42,789,465	28.13
AKD Securities Limited	123	-
NIT	4,693	-
ICP	14,553	-
Directors, Chief Executive & their spouse and minor children	74,442	0.05
Mr. Ahmed Abdul Sattar	44,634	-
Mr. Imran Motiwala	1,000	-
Mr. Taufique Habib	6,496	-
Mr. Muhammed Rafiq Tumbi	2,122	-
Miss Ayesha Aqeel Dhedhi	9,095	-
Ms. Nausheen Rafiq Tumbi	9,095	-
Miss Parveen Akhtar Malik (Nominee Director of SPIAICL)	2,000	-
Executives	-	-
Public Sector Companies and Corporations	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	10,839,472	7.13
Individuals	70,459,725	46.33
Others	9,450,476	6.22
TOTAL	152,098,344	100.00

SIX YEARS KEY FINANCIAL DATA AT A GLANCE

	2004	2005	2006	2007	2008	2009
	----- (Rupees '000)' -----					
Total Income / (Loss)	85,145.00	194,163.00	288,702.00	447,571.00	70,037.00	(374,128.00)
Operating Profit / Net Income	80,131.00	180,859.00	264,635.00	416,435.00	35,191.00	(394,759.00)
Cash Dividend (Rupees)	0.88	2.00	1.50	0.75	-	-
Cash Dividend %	17.50	40.00	30.00	15.00	-	-
Stock Dividend (Rupees)	1.00	-	-	0.50	0.63	-
Stock Dividend %	20.00	-	-	10.00	12.50	-
Paid up Share Capital	100,502.00	351,165.00	614,539.00	614,539.00	675,993.00	760,492.00
Reserves and Unappropriated Profit	107,305.00	250,476.00	304,412.00	659,393.00	540,949.00	61,191.00
Net Assets	207,807.00	626,339.00	965,947.00	1,308,525.00	1,237,941.00	831,434.00
Earnings per Share (Rupees)	3.32	2.70	2.84	3.39	0.26	(2.60)
Share Break up Value (Rupees)	2.96	8.92	7.86	10.65	9.16	5.47
Ratio of:						
Operating profit/(Loss) to Income/(Loss)	0.94	0.93	0.92	0.93	0.50	(1.06)
Return / (Loss) on Net assets Employed	0.39	0.29	0.27	0.32	0.03	(0.47)

PERFORMANCE TABLE

	2009	2008	2007
	----- Rupees in '000'-----		
Total net assets value	831,434	1,237,941	1,308,525
Net assets value per share - Rupees	5.47	9.16	10.65
Net Income / (loss) for the year carried	(394,759)	35,191	416,435
Return of fund			
Income distribution	-	84,499	153,635
Accumulated capital growth	61,191	455,950	505,258
Distribution per share			
Annual - Rupees	-	0.625	1.25
Interim - Rupees	-	-	-
Average annual return			
	----- Percentage-----		
One Year	33%	2%	45%
Two Year	18%	24%	46%
Three Year	27%	31%	47%

- The income distribution have been shown agianst 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

IN RELATION TO THE INVESTMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
	(Rupees In '000)	
INCOME		
Remuneration from Golden Arrow Selected Stocks Fund Limited	16,560	25,768
Dividend income	-	11,191
	16,560	36,959
Less: OPERATING EXPENSES		
Salaries, allowances and other benefits	8,579	8,523
Office rent	1,367	1,046
MUFAP subscription	175	178
Fees and subscription	281	470
Printing and stationery	119	525
Vehicle running and maintenance	261	224
Travelling and conveyance	142	236
Repairs and maintenance	245	140
Legal and professional charges	345	197
Credit rating fee	57	20
Directors' meeting attendance fee	-	35
SECP license fee	115	10
Utilities	344	287
Communication	383	369
Postage and courier	127	141
Depreciation	1,948	1,446
Insurance	175	125
Auditors' remuneration	50	44
Software maintenance	82	109
Computer expenses	426	496
Entertainment	117	134
Miscellaneous	773	49
Financial cost	147	431
	16,258	15,235
PROFIT FOR THE YEAR	302	21,724

Note: Other revenue and expenses not relating to Investment Company has not been included in the above statement.

PROXY FORM

ANNUAL GENERAL MEETING

I/We _____
of _____
being member(s) of Golden Arrow Selected Stocks Fund Ltd. holding _____
ordinary Shares hereby appoint _____
of _____ or failing him / her _____
of _____ who is / are also member(s) of Golden Arrow Selected Stocks Fund Ltd.
as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at
the Twenty Sixth Annual General Meeting of the Company to be held on Thursday, 22 October
2009 at 9:00 a.m. and / or any adjournment thereof.

As witness my / our hand seal this _____ day of _____ 2009

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 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
U.A.N : 92-21-111-AKDIML (111-253-465) Fax : 92-21-5373217 & 5303125
E-mail : info@akdinvestment.com Website : www.akdinvestment.com

Islamabad Branch:

M-4, Islamabad Stock Exchange Building,
101-E, Fazal-e-Haq Road,
Blue Area, Islamabad
PABX: 051-5386988-9

Lahore Branch:

Suite # 512-513, 5th Floor
Lahore Stock Exchange Building,
19, Khayaban-e-Aiwan-e-Iqbal Road, Lahore
PABX: 042-6280916-8