

Golden Arrow Selected Stock Fund Limited

Annual Report 1999

CONTENTS

Board of Directors and Company Information
Notice of Meeting
Directors' Report
Pattern of Shareholding
Auditors' Report
Balance Sheet
Profit and Loss Account
Distribution Statement
Statement of Movement in Equity and Reserves
Statement of Changes in Financial Position
Notes to the Accounts
Investment Adviser's Statement of Income and Expenditure in relation to Investment Company

BOARD OF DIRECTORS

Mr. Said Ahmed	Chairman
Mr. Mohammad Basheer Janmohammed	Director
Mr. Ahmed Abdul Sattar	Director
Mr. Muhammad Atiq	Director
Mr. Muhammad Hashim Khan	Nominee Director of ICP
Malik M. Parvez Akhtar	Director
Mr. Mohammed Ashraf Kothari	Director and Chief Executive

INVESTMENT ADVISER

Golden Arrow Investment & Research (Private) Limited
607, Uni Tower,
I.I. Chundrigar Road,
Karachi.

CUSTODIAN

National Bank of Pakistan,
I.I. Chundrigar Road, Karachi.

AUDITORS

Taseer Hadi Khalid & Co.,
Chartered Accountants,
First Floor, Sheikh Sultan Trust Bldg. No. 2,
Beaumont Road,
Karachi.

LEGAL ADVISER

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

REGISTERED OFFICE

607, Uni Tower,
I.I. Chundrigar Road, Karachi.

NOTICE OF MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of Golden Arrow Selected Stocks Fund Limited will be held on Tuesday, 28th December, 1999 at 10:30 a.m. at 703, Uni Tower, I.I. Chundrigar Road, Karachi to transact the following business:-

-- To confirm the Minutes of the Annual General Meeting held on 29th December, 1998.

-- To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended 30th June, 1999.

-- To consider and approve recommendation of Directors to declare cash dividend at the rate of 5% to the Shareholders whose names appear in the Register of Members as on 21st December, 1999.

-- To appoint Auditors of the Company and to fix their remuneration. The present Auditors, Messrs. Taseer Hadi Khalid & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

-- To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Karachi: 4th December, 1999

Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A proxy must be a member.

2. The Share Transfer books of the Company will remain closed from 22nd December, 1999 to 28th December, 1999 (both days inclusive).

3. The Shareholders are advised to notify the Company of any change in their addresses to ensure prompt delivery of mails. Any shares for transfers etc. should also be lodged with the Company.

DIRECTORS' REPORT

The Directors of Golden Arrow Selected Stocks Fund Ltd. are pleased to present this report, together with Accounts of the Fund for the financial year ended 30th June, 1999.

MARKET BEHAVIOUR

There has been continuous volatile trend prevailing in the Capital Market since July 1998. The first half of the year under review has really been erratic as most of the time market remained depressed due to well-known factors such as impact of international economic sanctions due to nuclear blast, continuous decline in economic activities, alarming low level of foreign exchange reserves etc. In the second half market behaved slowly and cautiously except during April and May whereas market showed tremendous improvement of around 400 points in months time but that momentum had sudden break due to famous Kargil factor. To summarise the market behaviour during the period following factors had continuous influences on the market.

- Uncertainty about IPPs' issues specially of market favourite Hubco.

- Slow economy growth.
- Low exports due primarily to international recession.
- Continuous increase at alarming pace in foreign as well as local debts.
- Not a clean bill from IMF and World Bank.
- Negligible inflow of foreign funds and investment.

Stock Market is an acutely sensitive instrument for gauging the country's economy. It foresees any possible changes in policies, long before it is realized by the general public and the impact is accordingly reflected in its quoted prices. Due to the heavy burden of foreign debts we have been unable to curb the involvement and interference of International Lending Agencies and have perforce to shape economic policies in the light of conditionalities laid-down by them. The ultimate impact of such policies is, nevertheless, felt upon various sectors of the economy.

OPERATIONAL RESULTS

The Company's profit amounted to Rs. 7.80 million as at 30th June 1999 as against the loss of Rs. 13.67 million for the preceding year. The increase in profit is due to improvement of KSE Index from 880 points on 30-06-98 to 1055 points on 30-06-99. This figure of profit has been arrived at after meeting administrative expenses, custodian fee, auditors' remuneration, the fee of 1% of the net assets of the company to investment adviser and finally reversal of provision for diminution in value of marketable securities by Rs. 9.92 million.

FUTURE PROSPECTS

It is difficult to predict future prospects in wake of the ever-changing scenario of country's macroeconomics as well as political situation. To this date, we have seen continuous change in the previous Governments, which normally puts break on economic policies of the respective Governments. The main task of the current Government is to address above referred issues presently effecting the growth of country's economy as well as smooth functioning of capital market of the country,

Therefore, your company's future is dependent largely on improvement in the country's economy and greater stability and buoyancy in the capital market,

Y2K COMPLIANCE

The company has successfully complied with the Year 2000 issue in respect of millennium bug.

ACKNOWLEDGMENTS

The Directors would like to take this opportunity of thanking the Securities & Exchange Commission of Pakistan and Ministry of Finance for their support to the Company.

The Board also appreciate the devoted work done by the staff and officers of the company.

For and on behalf of the Board

SAID AHMED
Chairman

Karachi: 2nd December, 1999

PATTERN OF SHAREHOLDING AS AT 30TH JUNE 1999

<i>No. of Shareholders</i>	<i>Having Shares</i>		<i>Shares Held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
438	1	100	27,388	0.17
650	101	500	176,059	1.09
513	501	1,000	413,814	2.55
1,091	1,001	5,000	2,647,260	16.33
225	5,001	10,000	1,614,863	9.96

76	10,001	15,000	977,086	6.03
31	15,001	20,000	558,873	3.45
15	20,001	25,000	332,232	2.05
3	25,001	30,000	81,225	0.50
10	30,001	35,000	333,963	2.06
1	35,001	40,000	38,653	0.24
2	40,001	45,000	82,391	0.51
3	45,001	50,000	144,596	0.89
3	50,001	55,000	157,579	0.97
3	55,001	60,000	173,930	1.07
3	60,001	65,000	187,350	1.15
1	65,001	70,000	70,000	0.43
2	75,001	80,000	155,533	0.96
1	80,001	85,000	84,000	0.52
1	85,001	90,000	87,500	0.54
4	95,001	100,000	394,789	2.44
1	100,001	105,000	105,000	0.65
1	115,001	120,000	119,000	0.73
2	140,001	145,000	286,996	1.77
1	165,001	170,000	166,500	1.03
1	180,001	185,000	182,971	1.13
1	190,001	195,000	191,672	1.18
1	245,001	250,000	247,800	1.53
1	250,001	255,000	254,523	1.57
1	265,001	270,000	266,800	1.65
1	330,001	335,000	332,980	2.05
1	365,001	370,000	367,920	2.27
1	455,001	460,000	458,000	2.82
1	465,001	470,000	465,082	2.87
1	580,001	585,000	584,732	3.61
1	1,295,001	1,300,000	1,296,940	8.00
1	2,140,001	2,145,000	2,144,000	13.23
-----				-----
3,093			16,210,000	100.00
=====				=====

CATEGORIES OF SHAREHOLDERS AS ON 30 JUNE 1999

<i>Particulars</i>	<i>Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
Individuals	3,048	8,187,033	50.0
Insurance Companies	4	94,999	0.59
Joint Stock Companies	25	4,461,004	27.52
Financial Institution	8	2,794,755	17.24
Modaraba Companies	4	354,509	2.19
Leasing Companies	2	173,500	1.07
Non Resident	1	2,000	0.01
Others	1	142,200	0.88

	3,093	16,210,000	100.00
=====			

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Golden Arrow Selected Stocks Fund Limited** as at 30 June 1999 and the related Profit and Loss Account and Cash Flow Statement together with the notes to the accounts 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 and we report that:

(a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984 and investment Companies and Investment Adviser's Rules, 1971;

(b) In our opinion:

(i) The Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and the Investment Companies and Investment Adviser's Rules, 1971 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 purposes of the Company's business; and

(iii) the business conducted, investments made and 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 Balance Sheet and the Profit and Loss Account and the Cash Flow Statement together with the notes forming part thereof give the information required by the Companies Ordinance, 1984 and Investment Companies and Investment Adviser's Rules, 1971 in the manners so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 1999 and of the Profit and Cash Flows for the year ended on that date; and

(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: 2nd December, 1999

TASEER HADI KHALID & CO.
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 1999

	<i>NOTE</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees '000)</i>	
ASSETS			
Deferred Expenditure	3	--	136
CURRENT ASSETS			
Marketable securities	4	43,215	49,404
Short Term Investments		--	2,500
Advances, prepayments and other receivables	5	1,138	1,144
Bank balances on current account		17,325	1,870
		-----	-----
		61,678	54,918
		-----	-----
Total Assets		61,678	55,054
LIABILITIES			
Deferred expenditure payable	6	--	62

CURRENT LIABILITIES

Due to shareholders on reduction of capital		45	45
Current maturity of deferred expenditure payable	6	62	62
Creditors and accrued expenses	7	116	839
Due to investment adviser - an associated company	8	568	539
Unclaimed dividend		295	322
Provision for taxation	9	350	440
Proposed dividend		4,053	--
		-----	-----
		5,489	2,247
		-----	-----
Total Liabilities		5,489	2,309
		-----	-----
Net Assets		56,189	52,745
		=====	=====

CAPITAL AND RESERVES

Share Capital

Authorised			
60,000,000 ordinary shares of Rs. 5/- each		300,000	300,000
		=====	=====
Issued, Subscribed and Paid-up			
16,210,000 ordinary Shares of Rs. 5/- each	10	81,050	81,050

Reserves

Share premium		6,700	6,700
General reserve		500	500
Accumulated loss		(32,061)	(35,505)
		-----	-----
		(24,861)	(28,305)
		-----	-----
		56,189	52,745
		=====	=====

These accounts should be read in conjunction with the attached notes.

SAID AHMED
CHAIRMAN

M. ASHRAF KOTHARI
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1999

	<i>NOTE</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees '000)</i>	
Sales of marketable securities		131,520	10,487
Cost of sales of marketable securities	11	136,945	7,593
		-----	-----
(Loss)/Gain on sale of marketable securities		(5,425)	2,894
Other income	12	4,355	5,609
		-----	-----

(1,070) 8,503

OPERATING EXPENSES

Administrative	13	438	384
Financial	14	7	13
Remuneration to the investment adviser	8.1	562	527
		-----	-----
		1,007	924
		-----	-----
		(2,077)	7,579
Reversal of provision for/(Provision for) diminution in value of marketable securities		9,922	(21,253)
		-----	-----
Profit/(Loss) for the year before taxation		7,845	(13,674)
Taxation -- Current Year	9	350	440
-- Prior Year		(2)	88
		-----	-----
		348	528
		-----	-----
Profit/(Loss) for the year after taxation		7,497	(14,202)
		=====	=====

These accounts should be read in conjunction with the attached notes.

SAID AHMED
CHAIRMAN

M. ASHRAF KOTHARI
DIRECTOR

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 1999**

	<i>1999</i>	<i>1998</i>
	<i>(Rupees '000)</i>	
Accumulated loss brought forward	(35,505)	(21,303)
Net Profit/(Loss) for the year	7,497	(14,202)
Proposed dividend @ 5% (1998: Nil)	(4,053)	--
	-----	-----
Accumulated loss carried forward	(32,061)	(35,505)
	=====	=====

SAID AHMED
CHAIRMAN

M. ASHRAF KOTHARI
DIRECTOR

**STATEMENT OF MOVEMENT IN EQUITY AND RESERVES
FOR THE YEAR ENDED 30 JUNE 1999**

	<i>1999</i>	<i>1998</i>
	<i>(Rupees '000)</i>	
Net Assets per share as at 01 July	3.25	4.13
Profit/(Loss) for the year - per share	0.22	(0.88)
	-----	-----

Net assets per share as at 30 June

Rupees

3.47

3.25

SAID AHMED
CHAIRMANM. ASHRAF KOTHARI
DIRECTOR**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 1999**

	<i>1999</i>	<i>1998</i>
	<i>(Rupees '000)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	7,845	(13,674)
Adjustment for:		
Amortisation of deferred expenditure	136	136
(Reversal of provision)/provision for diminution in value of marketable securities	(9,922)	21,253
	-----	-----
	(1,941)	7,715
Changes in Operating assets / liabilities		
Decrease / (Increase) in current assets		
Marketable securities	16,111	(5,489)
Short term investment	2,500	(2,500)
Prepayments & other receivables	127	(399)
(Decrease) / increase in current liabilities		
Creditors and accrued expenses	(723)	791
Due to investment adviser	29	(155)
	-----	-----
	18,044	(7,752)
Income tax paid	(559)	(249)
	-----	-----
Net cash flows from operating activities	15,544	(286)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred expenditure paid	(62)	(116)
	-----	-----
Net cash flows from investing activities	(62)	(116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(27)	--
	-----	-----
Net cash flows from financing activities	(27)	--
Net increase / (decrease) in bank balances	15,455	(402)
Bank balance at the beginning of the year	1,870	2,272
	-----	-----
Bank balance at the end of the year	17,325	1,870
	=====	=====

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999

1. STATUS AND NATURE OF BUSINESS

The company was incorporated on 09 May 1983 as a public limited company under Companies Act, 1913 (now Companies Ordinance, 1984) and was registered as an Investment Company under the Investment Companies and Investment Adviser's Rules, 1971 and is listed on Karachi and Lahore Stock Exchanges. The Company has entered into an agreement with an associated company, Golden Arrow Investment and Research (Private) Limited to act as its "Investment Adviser."

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

2.2 Basis for preparation

These accounts have been prepared in accordance with International Accounting Standards as applicable in Pakistan.

2.3 Marketable Securities

These are valued at lower of average cost and middle market price ruling on the balance sheet date determined on an aggregate portfolio basis. Middle market value has been used for calculating the market value which has been taken from the Karachi Stock Exchange closing rate summary sheet and it means the average of the highest and the lowest quotations prevailing on the balance sheet date.

2.4 Revenue Recognition

(i) Dividend Income is recorded at the time of the closure of share transfer books of the company declaring the dividend and is shown net of zakat deducted.

(ii) Sales and purchases of securities are recognised on the date of contract. Capital gain on sale of investments is taken to income of the period in which it arises.

(iii) In respect of term finance certificates, profit is recognised on a time proportion basis that takes into account the effective yield on the asset.

2.5 Deferred Expenditure

The expenditure incurred on the issue of right shares has been deferred and are being amortized over a period of five years commencing from the year in which these expenses were incurred.

2.6 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available credits and rebates.

The company would be exempt from tax under clause 102D of the Second Schedule of the Income Tax Ordinance, 1979, subject to the condition that not less than 90% of its income of that year is distributed amongst its shareholders.

3. DEFERRED EXPENDITURE PAYABLE

	<i>1999</i>	<i>1998</i>
	<i>(Rupees '000)</i>	
Balance as on 01 July	136	272
Less: Amortised during the year	136	136

 -- 136
 =====

4. MARKETABLE SECURITIES

These securities are shares/certificates of Rs. 10/- each unless stated otherwise

NAME OF COMPANY	NUMBER OF SHARES				BALANCE AS AT 30 JUNE 1999			PERCENTAGE IN RELATION TO		
	Balance as at 01 July 98	Purchases	Sales/ Redemption	Bonus Shares	Number of Shares	At Cost (Rupees '000)	At Market	Own net Assets (In relation to cost)	Investee paid-up capital (Face value)	Total Cost of Investment
MUTUAL FUNDS										
ICP (State Enterprise) Mutual Fund	25,000	--	25,000	--	--	--	--	--	--	--
MODARABAS										
First Al-Noor Modaraba	152,500	--	--	--	152,500	1,512	572	2.69	0.72	1.74
First Elite Capital Modaraba	34,020	--	--	--	34,020	456	29	0.81	0.40	0.52
First Equity Modaraba	750	--	750	--	--	--	--	--	--	--
First Habib Bank Modaraba	133,263	31,000	--	--	164,263	2,032	1,014	3.62	0.51	2.34
First Habib Modaraba (Shares of Rs. 5/- each)	240,000	--	--	--	240,000	1,260	672	2.24	0.50	1.45
First Hajveri Modaraba	100,000	--	--	--	100,000	442	450	0.79	0.22	0.51
First Professional Modaraba	50,480	--	--	--	50,480	381	55	0.68	0.49	0.44
First Ibrahim Modaraba	75,000	--	--	--	75,000	543	311	0.97	0.47	0.62
First Mehran Modaraba	30,000	--	--	--	30,000	340	75	0.61	0.41	0.39
Modaraba Al-Mali	55,200	--	15,000	--	40,200	751	150	1.34	0.41	0.86
LEASING COMPANIES										
Dawood Leasing Company Limited	100,000	--	--	--	100,000	1,241	700	2.21	0.50	1.43
First Leasing Corporation Limited	60,000	--	--	--	60,000	666	315	1.19	0.24	0.77
Ibrahim Leasing Company Limited	50,000	--	--	--	50,000	333	185	0.59	0.33	0.38
INVESTMENT COMPANIES / BANKS										
Askari Commercial Bank Limited	31,395	--	--	--	31,395	729	379	1.29	0.07	0.84
Bank Al-Habib Limited	--	11,500	11,500	--	--	--	--	--	--	--
First International Investment Bank Limited	87,960	5,000	--	--	92,960	1,844	465	3.28	1.02	2.12
Muslim Commercial Bank Limited	--	67,000	67,000	--	--	--	--	--	--	--
Security Investment Bank Limited	25,000	--	--	--	25,000	237	187	0.42	0.14	0.27
INSURANCE										
E.F.U. General Insurance Company Limited	30,000	--	--	3,750	33,750	1,240	877	2.21	0.92	1.43
International General Insurance Company of Pakistan Limited	13,743	--	--	3,092	16,835	716	943	1.27	0.85	0.82
TEXTILE SPINNING										
Al-Hamd Textile Mills Limited	35,000	--	--	--	35,000	793	140	1.41	0.94	0.91
Brothers Textile Mills Limited	86,625	--	--	--	86,625	1,827	195	3.25	1.86	2.10
Central Cotton Mills Limited	6,024	--	--	--	6,024	152	12	0.27	0.20	0.17
Gadoon Textile Mills Limited	48,000	--	--	--	48,000	2,147	756	3.82	0.92	2.47
Gulshan Spinning Mills Limited	35,075	--	--	--	35,075	914	491	1.63	0.72	1.05

Khalid Siraj Textile Mills Limited	10,700	--	10,700	--	--	--	--	--	--	--
Nagina Cotton Mills Limited	38,500	--	38,500	--	--	--	--	--	--	--
Saitex Spinning Mills Limited	33,010	--	--	--	33,010	233	41	0.41	0.31	0.27
Sargodha Spinning Mills Limited	50,000	--	--	--	50,000	516	28	0.92	0.17	0.59
Suraj Cotton Mills Limited	40,000	--	--	--	40,000	704	260	1.25	0.78	0.81
Taj Textile Mills Limited	42,000	--	--	--	42,000	417	70	0.74	0.12	0.48
TEXTILE WEAVING										
ICC Textile Mills Limited	106,000	9,900	--	--	115,900	813	695	1.45	0.81	0.93
Kohinoor Weaving Mills Limited	149,800	--	149,800	--	--	--	--	--	--	--
Service Fabrics Limited	81,889	--	--	--	81,889	1,003	66	1.78	0.64	1.15
TEXTILE COMPOSITE										
Crescent Textile Mills Limited	23,099	--	--	1,154	24,253	404	182	0.72	0.10	0.46
Dawood Cotton Mills Limited	10,000	--	10,000	--	--	--	--	--	--	--
Ishaq Textile Mills Limited	59,500	--	--	--	59,500	1,316	922	2.34	1.36	1.51
Nishat Mills Limited	59,225	--	9,000	--	50,225	1,725	468	3.07	0.15	1.98
SYNTHETIC & RAYON										
Bengal Fibre Industries Limited	21,500	--	--	--	21,500	299	261	0.53	0.44	0.34
Ibrahim Fibres Limited	119,000	--	119,000	--	--	--	--	--	--	--
Polypropylene Products Limited (Shares of Rs. 5/= each)	23,014	--	--	--	23,014	330	138	0.59	1.65	0.38
SUGAR & ALLIED INDUSTRIES										
Chashma Sugar Mills Limited	28,400	--	--	--	28,400	517	128	0.92	0.27	0.59
Dewan Sugar Mills Limited	40,000	--	--	4,000	44,000	1,810	781	3.22	1.31	2.08
Faran Sugar Mills Limited	63,744	--	--	--	63,744	1,087	446	1.93	0.87	1.25
Haseeb Waqas Sugar Mills Limited	100,000	60,000	--	--	160,000	1,032	296	1.84	0.32	1.19
Kohinoor Sugar Mills Limited	27,600	--	--	--	27,600	475	283	0.85	0.50	0.55
Mirpurkhas Sugar Mills Limited	20,714	--	--	--	20,714	721	233	1.28	1.13	0.83
Premier Sugar Mills Limited	6,700	--	--	--	6,700	314	144	0.56	0.84	0.36
Shahmurad Sugar Mills Limited	66,500	--	--	--	66,500	2,812	1,181	5.00	1.33	3.23
Sindh Abadgar's Sugar Mills Limited	50,800	--	--	--	50,800	764	356	1.36	0.73	0.88
CEMENT										
Cherat Cement Company Limited	110,450	--	--	--	110,450	6,091	1,436	10.84	1.27	7.00
D.G. Khan Cement Company Limited	93,410	--	93,410	--	--	--	--	--	--	--
Maple Leaf Cement Factory Limited	250,000	--	--	--	250,000	2,751	712	4.89	0.21	3.16
FUEL & ENERGY										
Hub Power Company Limited	--	4,344,500	4,344,500	--	--	--	--	--	--	--
Ibrahim Energy Limited	70,000	--	10,000	--	60,000	536	713	0.95	0.43	0.62
Kohinoor Energy Limited	30,000	--	30,000	--	--	--	--	--	--	--
National Refinery Limited	100,000	--	--	--	100,000	5,928	3,038	10.55	0.89	6.81
Pakistan State Oil Company Limited	5,046	--	6,055	1,009	--	--	--	--	--	--
Shell Pakistan Limited	16,062	--	6,000	--	10,062	1,428	1,640	2.54	0.41	1.64
Sui Southern Gas Company Limited	99,171	--	--	9,917	109,088	2,690	938	4.79	0.05	3.09
ENGINEERING										
Abbas Steel Mills Limited	28,500	--	--	--	28,500	359	125	0.64	0.85	0.41
Metropolitan Steel Corporation Limited	21,399	--	--	--	21,399	391	107	0.69	0.48	0.45
AUTO & ALLIED ENGINEERING										
Ghandhara Nissan Diesel Limited	31,500	--	--	--	31,500	868	347	1.54	1.12	1.00

Indus Motor Company Limited	--	50,000	50,000	--	--	--	--	--	--	--
Pak Suzuki Motor Company Limited	25,000	--	--	--	25,000	1,170	625	2.08	0.24	1.35
CABLES & ELECTRICAL GOODS										
Pak Elektron Limited	50,237	--	--	--	50,237	2,418	239	4.30	1.30	2.78
TRANSPORT & COMMUNICATION										
Pakistan Telecommunication Company Limited	60,000	2,684,500	2,744,500	--	--	--	--	--	--	--
CHEMICAL & PHARMACEUTICAL										
Berger Paints Pakistan Limited	15,306	--	--	--	15,306	593	413	1.06	1.92	0.68
Dawood Hercules Chemicals Limited	20,000	--	--	4,000	24,000	1,506	2,448	2.68	0.38	1.73
Engro Chemicals Pakistan Limited	29,375	--	29,375	--	--	--	--	--	--	--
Fauji Fertilizer Company Limited	--	228,800	228,800	--	--	--	--	--	--	--
ICI Pakistan Limited	--	10,000	10,000	--	--	--	--	--	--	--
Knoll Pharmaceuticals Limited	27,500	--	--	--	27,500	4,654	1,924	8.28	6.06	5.35
Otsuka Pakistan Limited	35,000	--	--	--	35,000	882	249	1.57	0.88	1.01
Sitara Chemicals Industries Limited	45,556	--	5,000	--	40,556	1,344	953	2.39	0.81	1.55
PAPER & BOARD										
Crescent Board Mills Limited	38,000	--	--	--	38,000	590	55	1.05	0.67	0.68
Packages Limited	84,375	--	--	12,656	97,031	3,998	3,978	7.11	0.97	4.60
GLASS & CERAMICS										
Baluchistan Glass Limited (Shares of Rs. 5/- each)	110,000	--	--	--	110,000	2,900	165	5.16	5.27	3.33
EMCO Industries Limited	68,040	--	--	--	68,040	1,174	340	2.09	0.77	1.35
MISCELLANEOUS										
Treet Corporation Limited	18,683	--	--	--	18,683	435	430	0.77	1.04	0.50
TERM FINANCE CERTIFICATES (Certificates of Rs. 5000/- each)										
ICI Pakistan Limited	1,500	--	250	--	1,250	6,250	6,388	10.12	--	7.19
						-----	-----			
						86,804	43,215			
DELISTED COMPANY										
Sunshine Cloth Mills Limited	15,500	--	--	--	15,500	182	--	0.32	0.12	0.21
						-----	-----			
						86,986	43,215			
Less: Provision for diminution in value of investments						43,771	--			
						-----	-----			
1999						43,215	43,215			
						=====	=====			
1998						49,404	49,404			
						=====	=====			

5. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLE**1999****1998**

(Rupees '000)

Advance Tax	139	18
Prepayments	18	18
Dividend receivable	689	669
Profit receivable on Term Finance Certificates	292	351
Profit receivable on Short Term Deposits	--	88
	-----	-----
	1,138	1,144
	=====	=====

6. DEFERRED EXPENDITURE PAYABLE

Balance as on 01 July	124	240
Less: Paid during the year	62	116
Transferred to current maturity	62	62
	-----	-----
	124	178
	-----	-----
	--	62
	=====	=====

Expenditure incurred on the issue of shares of the company to the public is being borne by the Investment Advisor, Golden Arrow Investment & Research (Pvt) Limited (associated company). These expenses are payable over a period of five years in equal installments as per Investment Companies and Investment Adviser's Rules, 1971. Mark-up is charged @ 10% per annum (1998: 10% per annum).

7. CREDITORS AND ACCRUED EXPENSES

Accrued Expenses		
Audit Fee	30	30
Custodian Fee	70	70
Central Depository Company of Pakistan Limited charges	16	--
Amount payable against purchase of shares	--	739
	-----	-----
	116	839
	=====	=====

8. DUE TO INVESTMENT ADVISER - GOLDEN ARROW INVESTMENT AND RESEARCH (PRIVATE) LIMITED - AN ASSOCIATED COMPANY

One percent of net assets	8.1	562	527
Mark-up on deferred expenditure payable		6	12
		-----	-----
		568	539
		=====	=====

8.1 The remuneration of the Investment Adviser, at one percent of the net assets of the company, as at the end of its year in term of Clause II(a) of the Investment Companies and Investment Advisers' Rules 1971 has been determined as follows:

Assets

Marketable securities at market value	49,404	43,215
Advances, Prepayments and other receivables	1,144	1,138
Bank balances on current account	1,870	17,325
Deferred expenditure	136	--
Short term investment	2,500	--

	55,054	61,678
--	--------	--------

Liabilities

Due to shareholders on reduction of capital	45	45
Current maturity of deferred expenditure payable	62	62
Creditors and accrued expenses	116	839
Due to investment adviser- an associated company	568	539
Unclaimed dividend	295	322
Provision for taxation	350	440
Proposed dividend	4,053	--
Deferred expenditure payable	--	62

	2,309	5,489
--	-------	-------

Net assets as per rules	52,745	56,189
-------------------------	--------	--------

Remuneration @ one percent of net assets	527	562
--	-----	-----

9. PROVISION FOR TAXATION

The income tax assessment of the company have been finalised upto and including the assessment year 1998-99.

10. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

11,804,320 Ordinary shares of Rs. 5/- each fully paid in cash	59,022	59,022
--	--------	--------

4,405,680 Ordinary shares of Rs. 5/- each issued as bonus shares	22,028	22,028
---	--------	--------

16,210,000	81,050	81,050
------------	--------	--------

11. COST OF SALES OF MARKETABLE SECURITIES

Balance as on 01 July	103,097	97,608
Purchases	122,037	12,968
Stamps and duties	47	114

	225,181	110,690
--	---------	---------

Less: Term Finance Certificates redeemed during the year	(1,250)	--
Balance as on 30 June	(86,986)	(103,097)

	(88,236)	(103,097)
--	----------	-----------

	136,945	7,593
--	---------	-------

12. OTHER INCOME

Dividend	2,818	4,132
Less: Zakat deducted at source	(2)	(14)

	2,816	4,118
--	-------	-------

Profit on Term Finance Certificates	1,344	1,403
Profit on Security Investment Bank Limited		
Term Deposits	195	88
	-----	-----
	4,355	5,609
	=====	=====

13. ADMINISTRATIVE EXPENSES

Professional tax	70	52
Annual listing fee	85	85
Custodian fee	70	70
Amortisation of deferred expenses	136	136
Auditors' remuneration	13.1	37
Director's fee	4	4
Central Depository Company of Pakistan Limited charges	34	--
	-----	-----
	438	384
	=====	=====

13.1 Auditors' remuneration

Audit fee	30	30
Out of pocket expenses	9	7
	-----	-----
	39	37
	=====	=====

14. FINANCIAL EXPENSES

Bank Charges	1	1
Mark-up on deferred expenditure payable to Golden Arrow Investment & Research (Pvt) Ltd.	6	12
	-----	-----
	7	13
	=====	=====

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Carrying value of all the financial instruments reflected in the financial statements approximates their respective fair values.

16. CONCENTRATION OF CREDIT RISK AND CREDIT EXPOSURES OF THE FINANCIAL INSTRUMENTS

The company believes that it is not exposed to major concentrations of credit risk as its debt securities are traded on the stock exchange and other receivables are not material.

17. INTEREST RATE RISK EXPOSURE

The company's exposures to interest rate risk and the effective rates on its financial assets and liabilities are summarized as follows:

	<i>(Rupees in '000)</i>			
	<i>1999</i>			
	<i>Non month to one year</i>	<i>Over one year</i>	<i>Non interest bearing</i>	<i>Total</i>
Financial Assets				

Marketable securities	2,555	3,832	36,828	43,215
Other receivables	--	--	981	981
Bank balances	--	--	17,325	17,325
	-----	-----	-----	-----
	2,555	3,832	55,134	61,521
	-----	-----	-----	-----
Financial Liabilities				
Current maturity of deferred expenditure payable	62	--	--	62
Due to shareholders on reduction of capital	--	--	45	45
Creditors and accrued expenses	--	--	116	116
Due to investment adviser	--	--	568	568
Unclaimed dividend	--	--	295	295
Proposed dividend	--	--	4,053	4,053
	-----	-----	-----	-----
	62	--	5,077	5,139
	-----	-----	-----	-----
On balance sheet gap (a)	2,493	3,832	50,057	56,382
	-----	-----	-----	-----
	2,493	6,325	56,382	--
	=====	=====	=====	=====

(Rupees in '000)

	1998			Total
	One month to one year	Over one year	Non interest bearing	
Financial Assets				
Marketable securities	2,555	5,110	41,739	49,404
Shod term investments	2,500	--	--	2,500
Other receivables	--	--	1,108	1,108
Bank balances	--	--	1,870	1,870
	-----	-----	-----	-----
	5,055	5,110	44,717	54,882
	-----	-----	-----	-----
Financial Liabilities				
Deferred expenditure payable	62	62	--	124
Due to shareholders on reduction of capital	--	--	45	45
Creditors and accrued expenses	--	--	839	839
Due to investment adviser	--	--	539	539
Unclaimed dividend	--	--	322	322
	-----	-----	-----	-----
	62	62	1,745	1,869
	-----	-----	-----	-----
On balance sheet gap (a)	4,993	5,048	42,972	53,013
	-----	-----	-----	-----
	4,993	10,041	53,013	--
	=====	=====	=====	=====

(a) The on balance sheet gap represents the net amount of on balance sheet items.

(b) Effective interest / mark-up rates for financial assets and liabilities are as follows:

Effective mark-up rate

	1999	1998
	%	%

Financial Assets		
Marketable securities- Term Finance Certificates	18.70	18.70
	=====	=====
Short term investments	--	17.00
	=====	=====
Financial Liabilities		
Deferred expenditure payable	10.00	10.00
	=====	=====

	1999	1998
	(Rupees '000)	

18. TRANSACTIONS WITH ASSOCIATED COMPANIES

Mark-up on deferred expenditure payable	6	12
	=====	=====
Remuneration for services	562	527
	=====	=====
Payments of deferred expenditure payable	62	116
	=====	=====
Sales through associated company	130,912	7,423
	=====	=====
Purchases through associated company	122,037	9,750
	=====	=====

19. PERFORMANCE TABLE

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Net assets (Rupees in '000)	56,189	52,744	66,949	63,562	76,057	91,589	57,694	58,407	19,658	16,054	12,463
Net assets value per share (Rupees)	3.47	3.25	4.13	3.92	4.69	9.48	5.97	9.06	6.55	5.35	6.23
Earning per share	0.46	(0.88)	0.21	(0.77)	(0.77)	2.07	0.72	1.37	0.89	0.42	0.63
Dividend distribution	*5%	--	--	--	--	--	16%	25%	--	10%	20%
Bonus shares issued	--	--	--	--	--	40%	--	--	18%	--	--
Right shares issued *Proposed	--	--	--	--	--	60%	--	--	82%	--	50%

20. GENERAL

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

20.2 Previous year's figures have been rearranged, wherever necessary, for the purpose of comparison.

Golden Arrow Investment & Research (Pvt) Limited
Investment Adviser

Profit and Loss Account
For the year ended 30 June 1999

	<i>1999</i>	<i>1998</i>
	<i>(Rupees '000)</i>	
Remuneration from Golden Arrow Selected Stocks Fund Limited	562	527
Interest on deferred expenditure	6	12
	568	539
 OPERATING EXPENSES		
ADMINISTRATIVE		
Directors' remuneration	289	289
Salaries, wages and other benefits	1,037	1,115
Gratuity	98	223
Rent and electricity	166	141
Repairs and maintenance	66	71
Legal and Professional charges	75	177
Postage, telephone and telegrams	203	199
Printing and Stationery	91	95
Conveyance and entertainment	164	164
Audit fee	22	21
Newspapers and subscriptions	16	24
Depreciation	317	358
Others	76	138
Vehicles running expenses	141	130
Insurance	43	41
Advertisement	51	83
	2,855	3,269
Loss of the year	(2,287)	(2,730)

Note: Other revenue not relating to investment company has not been included in the above statement. However, above expenses have not been allocated as cost relating to income other than the above two sources of income are not considered to be relevant / material. Other expenses of the investment adviser have not been allocated to the above income as these do not relate to the stated income.