

Golden Arrow Selected Stocks Fund Limited

Annual Report 2001

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BOARD OF DIRECTORS

Mr. Mohammad Basheer Janmohammed	Chairman
Mr. Ahmed Abdul Sattar	Director
Mr. Muhammad Atiq	Director
Mr. Imran Inayat Butt	Nominee Director of ICP
Mr. Muhammad Rafique Tumbi	Director
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

Ali 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 Eighteenth Annual General Meeting of Golden Arrow Selected Stocks Fund Limited will be held on Friday, 7th December, 2001 at 10:00 a.m. at 703, Uni Tower, I.I. Chundrigar Road, Karachi to transact the following business:-

-- To confirm the Minutes of the Extraordinary General Meeting held on 11th May, 2001.

-- To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended 30th June, 2001.

-- 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: 15th November, 2001

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 1st December, 2001 to 7th December, 2001 (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, 2001.

MARKET BEHAVIOUR

The first half of the year under review has been static. The KSE Index was just down 1% between the period after touching its peak of the year at around 1637 points. However during the second half performance of the market was lacklustre with the continuous declining trend and year ended with almost

10% down from the KSE index 1521 points on 1st July 2000 to 1366 points on 30th June 2001. The reasons for this decline can be contributed to following factors:

- a) Global economic slowdown
- b) Aggressive selling by Foreign Funds
- c) Shortage of water resulting in decreasing demand of agriculture inputs like fertilizer, urea etc.
- d) Uncertainty about the dollar rupee parity rate.

OPERATIONAL RESULTS

The company's profit amounted to Rs. 3.5 million as at 30th June 2001 against the profit of Rs. 17.6 million for the preceding year. The decrease in profit is due to decline of KSE Index from 1521 points on 30-06-2000 to 1366 points on 30-06-2001. In spite of downward trend prevailed during the year net assets value per share of your company has improved from Rs. 4.54 on 30-06-2000 to Rs. 4.73 on 30-06-2001. The figure of profit has arrived after meeting administrative expenses, custodian fee, auditors' remuneration, the fee of 2% of the net assets of the company to investment adviser and finally reversal of provision for diminution in value of marketable securities by Rs. 6.5 million.

FUTURE PROSPECTS

The future prospects of the market, as usual will depend on the growth of the economy, Government fiscal policies and status of debts burden, internal as well as external.

ACKNOWLEDGEMENTS

The Directors would like to take this opportunity of thanking the Securities & Exchange Commission of Pakistan and Ministry of Finance for their support to mutual funds community as whole.

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

"Mr. Said Ahmed - Our Chairman"

While concluding we regret to inform that our chairman Mr. Said Ahmed, expired in July 2001. As a chairman and director on our Board, the Late Said Ahmed, rendered valuable contribution to the Board's deliberations. Due to his exemplary life, full of human touch and kind relations with every one, Mr. Said Ahmed will ever be remembered by his friends, colleagues, associates and family members for a long time, particularly for his encouragement and cooperation he always extended to everyone. We pray that the departed soul may rest in peace in its heavenly abode. We also pray that the members of the deceased family bear this irreparable loss with strength and fortitude.

For and on behalf of the Board

MOHAMMAD BASHEER JANMOHAMMED
Chairman

Karachi: 10th November, 2001

PATTERN OF SHAREHOLDING AS AT 30TH JUNE 2001

<i>No. of Shareholders</i>	<i>Having Shares</i>		<i>Shares Held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
636	1	100	39,188	0.24
751	101	500	213,785	1.32
514	501	1,000	421,076	2.60
1,054	1,001	5,000	2577401	1.590
218	5,001	10,000	1543405	9.52
74	10,001	15,000	934,029	5.76

33	15,001	20,000	589,891	3.64
14	20,001	25,000	310,701	1.92
3	25,001	30,000	80,917	0.50
8	30,001	35,000	271,346	1.67
5	35,001	40,000	188,553	1.16
7	40,001	45,000	296,391	1.83
3	45,001	50,000	143,496	0.89
3	50,001	55,000	157,979	0.97
5	55,001	60,000	289,730	1.79
2	60,001	65,000	125,850	0.78
1	65,001	70,000	70,000	0.43
3	75,001	80,000	232,933	1.44
1	85,001	90,000	87,500	0.54
3	95,001	100,000	294,789	1.82
1	100,001	105,000	104,900	0.65
3	140,001	145,000	428,596	2.64
1	180,001	185,000	182,971	1.13
1	190,001	195,000	191,672	1.18
1	215,001	220,000	218,023	1.34
1	24,001	250,000	247,700	1.53
1	450,001	455,000	450,500	2.78
1	465,001	470,000	465,082	2.87
1	470,001	475,000	474,300	2.93
1	545,001	550,000	549,232	3.39
1	685,001	690,000	689,600	4.25
1	1,190,001	1,195,000	1,194,464	7.37
1	2,140,001	2,145,000	2,144,000	13.22

3,353			16,210,000	100.00
=====				

CATEGORIES OF SHAREHOLDERS AS ON 30 JUNE 2001

<i>Particulars</i>	<i>Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
Individuals	3,308	8,296,507	51.18
Insurance Companies	4	94,999	0.59
Joint Stock Companies	26	4,242,284	26.17
Financial Institution	8	2,576,079	15.89
Modaraba Companies	4	710,731	4.38
Leasing Companies	2	147,200	0.91
Non Resident	1	142,200	0.88

	3,353	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 2001 and the related profit and loss account, cash flow statement and statement of changes in equity 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 company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984 and Rule 16 of the Investment Companies and Investment Advisers Rules, 1971. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards of Auditing 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 financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial 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 account have been kept by the company as required by the Companies Ordinance, 1984 and Rule 16 of the Investment Companies and Investment Advisers 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 in accordance with the provisions of the second schedule to the Investment Companies and Investment Advisers 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 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 balance sheet, profit and loss account, cash flow statement and statement of changes in equity 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 Investment Companies and Investment Advisers Rules, 1971 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Karachi: 10th November, 2001

TASEER HADI KHALID & CO.
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 2001

<i>NOTE</i>	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000)</i>	

ASSETS

Long Term Investments	3	--	3,750
-----------------------	---	----	-------

CURRENT ASSETS

Marketable securities	4	75,934	68,759
Shod term investments	3	1,250	--
Advances, prepayments and other receivables	5	775	1,216
Bank balances	6	1,594	1,591

		-----	-----
		79,553	71,566

Total Assets

		79,553	75,316
--	--	--------	--------

LIABILITIES**CURRENT LIABILITES**

Due to shareholders on reduction of capital		45	45
Accrued expenses	7	431	189
Due to investment adviser - an associated company	8	1,534	735
Unclaimed dividend		533	557
Provision for taxation	9	309	241

		-----	-----
		2,852	1,767

Net Assets

		-----	-----
		76,701	73,549
		=====	=====

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		(11,549)	(14,701)

		-----	-----
		(4,349)	(7,501)

		-----	-----
		76,701	73,549
		=====	=====

Contingencies and Commitments	11		
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These accounts should be read in conjunction with the attached notes.

MOHAMMAD BASHEER JANMOHAMMED
CHAIRMAN

M. ASHRAF KOTHARI
DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2001**

	<i>NOTE</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees '000)</i>	
Sales of marketable securities		199,552	247,742
Cost of sales of marketable securities		207,324	251,859
		-----	-----
Loss on sale of marketable securities		(7,772)	(4,117)
Other income		6,624	5,676
		-----	-----
		(1,148)	1,559
OPERATING EXPENSES			
Administrative	14	311	286
Financial	15	--	13
Remuneration to the investment adviser	8	1,534	735
		-----	-----
		1,845	1,034
		-----	-----
		(2,993)	525
Reversal of provision for diminution in value of marketable securities		6,455	17,087
		-----	-----
Profit for the year before taxation		3,462	17,612
Taxation -- Current Year		309	241
-- Prior Year		1	11
		-----	-----
		310	252
		-----	-----
Profit for the year after taxation		3,152	17,360
		=====	=====
Earning per share - basic and diluted	16	0.19	1.07
		=====	=====

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

**MOHAMMAD BASHEER JANMOHAMMED
CHAIRMAN**

**M. ASHRAF KOTHARI
DIRECTOR**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2001**

	<i>Share Capital</i>	<i>Share Premium</i>	<i>General Reserves</i>	<i>Accumu- lated loss</i>	<i>(Rupees '000)</i> <i>Total</i>
--	--------------------------	--------------------------	-----------------------------	-------------------------------	--------------------------------------

Balance as on 1 July 1999	81,050	6,700	500	(32,061)	56,189
Profit for the year	--	--	--	17,360	17,360
	-----	-----	-----	-----	-----
Balance as on 30 June 2000	81,050	6,700	500	(14,701)	73,549
Profit for the year	--	--	--	3,152	3,152
	-----	-----	-----	-----	-----
Balance as on 30 June 2001	81,050	6,700	500	(11,549)	76,701
	=====	=====	=====	=====	=====

MOHAMMAD BASHEER JANMOHAMMED
CHAIRMAN

M. ASHRAF KOTHARI
DIRECTOR

**STATEMENT OF MOVEMENT IN EQUITY AND RESERVES
FOR THE YEAR ENDED 30 JUNE 2001**

	<i>2001</i>	<i>2000</i>
Net Assets per share at the beginning of the year	4.54	3.47
Profit for the year-per share	0.19	1.07
	-----	-----
Net assets per share at the end of the year	Rupees 4.73	4.54
	=====	=====

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

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2001**

	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000)</i>	
Accumulated loss brought forward	(14,701)	(32,061)
Net Profit for the year	3,152	17,360
	-----	-----
Accumulated loss carried forward	(11,549)	(14,701)
	=====	=====

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

MOHAMMAD BASHEER JANMOHAMMED
CHAIRMAN

M. ASHRAF KOTHARI
DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2001**

<i>2001</i>	<i>2000</i>
<i>(Rupees '000)</i>	

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	3,462	17,612
Adjustment for:		
Reversal of provision for diminution in value of marketable securities	(6,455)	(17,087)
	-----	-----
	(2,993)	525

Changes in Operating assets/liabilities**(Increase)/Decrease in current assets**

Marketable securities	(720)	(14,707)
Advances, prepayments & other receivables	455	(199)

Increase/(Decrease) in current liabilities

Accrued expenses	242	73
Due to investment adviser	799	167
	-----	-----
	776	(14,666)

Taxes paid

(256) (240)

Net cash flows used in operating activities	(2,473)	(14,381)
---	---------	----------

CASH FLOWS FROM INVESTING ACTIVITIES

Redemption of term finance certificates	2,500	2,500
Deferred expenditure paid	--	(62)
	-----	-----
Net cash flows from investing activities	2,500	2,438

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(24)	(3,791)
	-----	-----
Net cash flows used in financing activities	(24)	(3,791)

Net increase/(decrease) in bank balances	3	(15,734)
--	---	----------

Bank balance at the beginning of the year	1,591	17,325
	-----	-----
Bank balance at the end of the year	1,594	1,591
	=====	=====

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2001

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 Statement of Compliance

These accounts have been prepared in accordance with accounting standards issued by the International Accounting Standards Committee (IASC), interpretations issued by the Standing Interpretations Committee of the IASC as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 and the requirements of the Investment Companies and Investment Adviser's Rules, 1971.

2.2 Accounting Convention

These accounts have been prepared under the historical cost convention.

2.3 Long Term Investments

These are stated at cost except where a permanent diminution in value is deemed to have occurred in which case the carrying value is appropriately reduced.

2.4 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.

2.5 Revenue Recognition

i) Dividend income is recorded at the time of the closure of share transfer books of the company declaring the dividend.

ii) Sale and purchase of securities are recognised on the date of contract. Capital gains and losses on sale of investments are taken to income in the period in which they arise.

iii) In respect of Term Finance Certificates, profit is recognised on a time proportion basis that takes into account the effective yield on the assets.

2.6 Taxation

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

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. LONG TERM INVESTMENTS

Term Finance Certificates of ICI Pakistan Limited

		<i>2001</i>	<i>2000</i>
		<i>(Rupees '000)</i>	
Balance as at 1 July		3,750	6,250
Redeemed during the year		(2,500)	(2,500)
Classified as short term investments	3.1	(1,250)	--
		-----	-----
		--	3,750
		=====	=====

3.1 These have been classified as short term investments as these are due to mature in September 2001.

3.2 Market Value of term finance certificates at 30 June 2001 amounted to Rs. 1.278 million (2000: Rs. 3,833 million).

3.3 Term Finance Certificates of ICI Pakistan Limited bear mark-up at the rate of 18.7% per annum payable semi annually.

4. MARKETABLE SECURITIES

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

NAME OF COMPANY	NUMBER OF SHARES				BALANCE AS AT 30 JUNE 2001			PERCENTAGE IN RELATION TO		
	Balance as at 01 July 2000	Purchases	Sales	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
MODARABAS										
First Al-Noor Modaraba	152,500	67,500	--	--	220,000	1,863	902	2.43	0.89	1.94
First Elite Capital Modaraba	10,020	--	10,020	--	--	--	--	--	--	--
First Habib Bank Modaraba	164,263	--	14,000	--	150,263	1,858	1,540	2.42	0.47	1.93
First Habib Modaraba (Certificates of Rs. 5/- each)	240,000	--	--	--	240,000	1,260	1,230	1.64	0.50	1.31
First Hajveri Modaraba	100,000	--	100,000	--	--	--	--	--	--	--
First Professional Modaraba	50,480	--	--	--	50,480	381	102	0.50	0.49	0.40
First Ibrahim Modaraba	75,000	--	75,000	--	--	--	--	--	--	--
Modaraba Al Mali	40,200	25,000	10,000	--	55,200	719	290	0.94	0.39	0.75
LEASING COMPANIES										
Askari Leasing Company Limited	--	200,000	500	--	199,500	1,726	1,925	2.25	0.53	1.79
Dawood Leasing Company Limited	101,500	2,000	--	--	103,500	1,258	538	1.64	0.50	1.31
Ibrahim Leasing Company Limited	50,000	--	56,250	6,250	--	--	--	--	--	--
Pak Apex Leasing Company Limite	--	100,000	--	--	100,000	620	870	0.81	0.31	0.64
INVESTMENT COMPANIES/BANKS										
Askari Commercial Bank Limited	--	200,000	--	10,000	210,000	3,123	2,735	4.07	0.30	3.25
Bank Al Habib Limited	--	95,000	--	17,000	112,000	1,391	1,739	1.81	0.19	1.45
Faysal Bank Limited	--	150,000	--	--	150,000	1,417	1,144	1.85	0.09	1.47
First International Investment Bank Limited	92,960	--	--	10,328	103,288	1,844	1,198	2.40	0.92	1.92
Pakistan Industrial Credit and Investment Corporation Limited	--	99,500	--	7,500	107,000	1,548	1,356	2.02	0.21	1.61
Security Investment Bank Limited	25,000	500	--	5,500	31,000	240	171	0.31	0.12	0.25
INSURANCE										
Adamjee Insurance Company Limit	--	644,000	514,000	--	130,000	7,292	7,283	9.51	1.34	7.58
Eastern Federal Union General Insurance Limited	37,499	--	500	4,934	41,933	1,223	1,258	1.59	0.72	1.27
Eastern Federal Union Life Assurance Limited	--	100,000	--	--	100,000	2,510	2,100	3.27	2.51	2.61
International General Insurance Company Limited	25,340	--	25,340	--	--	--	--	--	--	--

TEXTILE SPINNING

Gulshan Spinning Mills Limited	14,075	3,000	--	--	17,075	423	256	0.55	0.33	0.44
Saitex Spinning Mills Limited	25,010	--	2,000	--	23,010	162	12	0.21	0.22	0.17

TEXTILE WEAVING

ICC Textile Mills Limited	115,900	--	115,900	--	--	--	--	--	--	--
Service Fabrics Limited	12,389	--	12,389	--	--	--	--	--	--	--

TEXTILE COMPOSITE

Ishaq Textile Mills Limited	59,500	--	--	--	59,500	1,316	536	1.72	1.36	1.37
Kohinoor Textile Mills Limited	--	60,500	500	--	60,000	456	399	0.59	0.09	0.47
Nishat Mills Limited	--	906,500	906,500	--	--	--	--	--	--	--
Taj Textile Mills Limited	50,000	--	10,000	--	40,000	271	120	0.35	0.08	0.28

SYNTHETIC AND RAYON

Bengal Fibre Industries Limited	21,500	--	5,000	--	16,500	230	112	0.3	0.34	0.24
Dewan Salman Fibres Limited	256,000	1,223,500	1,479,500	--	--	--	--	--	--	--
Polypropylene Products Limited (Certificates of Rs. 5/- each)	23,014	--	23,014	--	--	--	--	--	--	--

SUGAR AND ALLIED INDUSTRIES

Dewan Sugar Mills Limited	48,400	--	--	9,680	58,080	1,810	796	2.36	0.99	1.88
Faran Sugar Mills Limited	63,744	--	--	--	63,744	1,087	739	1.42	0.87	1.13
Haseeb Waqas Sugar Mills Limited	160,000	13,000	--	--	173,000	1,067	574	1.39	0.33	1.11
Kohinoor Sugar Mills Limited	27,600	--	--	--	27,600	475	124	0.62	0.50	0.49
Mirpurkhas Sugar Mills Limited	20,714	1,500	--	--	22,214	733	167	0.96	1.15	0.76
Premier Sugar Mills Limited	6,700	--	6,700	--	--	--	--	--	--	--
Shahmurad Sugar Mills Limited	66,550	2,000	--	--	68,550	2,827	497	3.69	1.34	2.94
Sindh Abadgar's Sugar Mills Limit	50,800	--	5,000	--	45,800	689	361	0.90	0.66	0.72

CEMENT

Cherat Cement Company Limited	110,450	--	110,450	--	--	--	--	--	--	--
Lucky Cement Limited	600,000	925,000	1,175,000	--	350,000	3,080	2,415	4.02	0.13	3.20

TOBACCO

Pakistan Tobacco Company Limite	30,000	170,000	--	--	200,000	2,512	2,050	3.28	0.10	2.61
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FUEL AND ENERGY

Hub Power Company Limited	--	1,190,000	827,000	--	363,000	7,006	6,970	9.13	0.06	7.29
Ibrahim Energy Limited	60,000	--	60,000	--	--	--	--	--	--	--
Kohinoor Genertek Limited	50,000	--	--	--	50,000	601	290	0.78	0.37	0.62
Maple Leaf Electric Company Limit	100,000	--	100,000	--	--	--	--	--	--	--
Mari Gas Company Limited	35,000	15,000	--	--	50,000	1,196	1,093	1.56	0.33	1.24
National Refinery Limited	100,000	100,000	100,000	--	100,000	5,535	3,943	7.22	0.83	5.76
Pakistan State Oil Company Limite	48,700	142,000	140,700	--	50,000	7,318	6,627	9.54	0.51	7.61
Sui Northern Gas Pipelines Company Limited	--	125,000	125,000	--	--	--	--	--	--	--

ENGINEERING

Abbas Engineering Industries Limi	28,500	--	--	--	28,500	359	85	0.47	0.85	0.37
Metropolitan Steel Corporation Li	21,399	--	--	--	21,399	391	45	0.51	0.13	0.41

AUTO AND ALLIED ENGINEERING

Ghandhara Nissan Diesel Limited	31,500	--	3,000	--	28,500	785	305	1.02	1.01	0.82
Pak Suzuki Motor Company Limite	25,000	20,500	7,500	--	38,000	1,147	328	1.50	0.23	1.19

TRANSPORT AND COMMUNICATION

Pakistan Telecommunication Company Limited	--	1,509,000	1,120,000	--	389,000	7,002	7,021	0.13	0.02	7.28
--	----	-----------	-----------	----	---------	-------	-------	------	------	------

CHEMICAL AND PHARMACEUTICAL

Berger Paints Pakistan Limited	15,306	3,000	--	--	18,306	684	453	0.89	2.22	0.71
Dawood Hercules Chemicals Limite	24,000	--	--	--	24,000	1,506	2,196	1.96	0.38	1.57
Engro Chemicals Pakistan Limited	100,000	25,000	125,000	--	--	--	--	--	--	--
Fauji Fertilizer Company Limited	110,000	150,000	110,000	--	150,000	7,062	5,389	9.21	0.28	7.34
Otsuka Pakistan Limited	35,000	26,500	1,500	--	60,000	1,174	744	1.53	1.17	1.22
Sitara Chemicals Industries Limited	91,556	6,500	98,056	--	--	--	--	--	--	--

PAPER AND BOARD

Century Papers and Board Mills Li Packages Limited	--	50,000	--	--	50,000	836	743	1.09	0.27	0.87
	100,031	12,429	61,500	--	50,960	1,870	2,905	2.44	0.39	1.94

GLASS AND CERAMICS

Baluchistan Glass Limited (Certificates of Rs. 5/- each)	100,000	2,000	23,500	--	78,500	2,036	314	2.65	3.70	2.12
EMCO Industries Limited	68,040	--	--	--	68,040	1,174	40	1.53	0.77	1.22

MISCELLANEOUS

Treet Corporation Limited	18,683	11,500	--	--	30,183	736	905	0.96	1.76	0.77
---------------------------	--------	--------	----	----	--------	-----	-----	------	------	------

SUSPENDED/DELISTED COMPANIES

Central Cotton Mills Limited	6,024	--	--	--	6,024	152	--	0.20	0.20	0.16
Sunshine Cloth Mills Limited	15,500	--	--	--	15,500	182	--	0.24	0.12	0.19

Provision for diminution in value of investments

-----	-----
96,163	75,934
(20,229)	--
-----	-----

2001

-----	-----
75,934	75,934
-----	-----

2000

-----	-----
68,759	68,759
=====	=====

5. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

2001 2000
(Rupees '000)

Advance Tax	32	18
Prepayments	18	18
Dividend receivable	624	1,005
Profit receivable on Term Finance Certificates	58	175
Profit receivable on savings account	43	--
	-----	-----
	775	1,216
	=====	=====

6. BANK BALANCES

Cash at bank:		
- In PLS account	820	--
- In current account	774	1,591
	-----	-----
	1,594	1,591
	=====	=====

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Audit fee	35	30
Custodian fee	210	140
Central Depository Company of Pakistan Limited charges	11	19
Due to members against purchase of shares	156	--
Other Liabilities	19	--
	-----	-----
	431	189
	=====	=====

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

Two percent (2000: one percent) of net assets	8.1	1,534	735
		=====	=====

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

	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000)</i>	
Assets		
Long term investments	--	3,750
Marketable securities at market value	75,934	68,759
Short term investments	1,250	--
Advances, prepayments and other receivables	775	1,216
Bank balances	1,594	1,591
	-----	-----
	79,553	75,316
Liabilities		
Due to shareholders on reduction of capital	45	45
Accrued expenses and other liabilities	431	189
Due to investment adviser-an associated company	1,534	735
Unclaimed dividend	533	557
Provision for taxation	309	241
	-----	-----
	2,852	1,767
	-----	-----
Net assets as per rules	76,701	73,549
	=====	=====
Remuneration @ 2% (2000: 1%) of net assets	1,534	735
	=====	=====

9. PROVISION FOR TAXATION

The income tax assessment of the company have been finalised upto and including the assessment year 2000-2001.

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. CONTINGENCIES AND COMMITMENTS

There are no contingencies for which the company may be liable.

12. COST OF SALES OF MARKETABLE SECURITIES

Balance as on 01 July	99,194	86,986
Purchases	208,039	266,565
Stamps and duties	4	2
	-----	-----
	307,237	353,553
Term Finance Certificates redeemed during the year	(2,500)	(2,500)
Balance as on 30 June	(97,413)	(99,194)
	-----	-----
	(99,913)	(101,694)
	-----	-----
	207,324	251,859
	=====	=====

13. OTHER INCOME

Dividend	6,114	4,741
Profit on Term Finance Certificates	467	935
Return on savings account	43	--
	-----	-----
	6,624	5,676
	=====	=====

14. ADMINISTRATIVE EXPENSES

Professional tax	80	68
Annual listing fee	85	85
Custodian fee	70	70
Auditors' remuneration	14.1	39
Directors' fee	4	5
Central Depository Company of Pakistan Limited charges	29	19
	-----	-----
	311	286
	=====	=====

14.1 Auditors' remuneration

Audit fee	35	30
Out of pocket expenses	8	9
	-----	-----
	43	39
	=====	=====

15. FINANCIAL EXPENSES

Bank Charges	--	13
	-----	-----
	--	13
	=====	=====

16. EARNINGS PER SHARE-BASIC AND DILUTED

Profit after taxation for the year	3,152	17,360
	=====	=====
Weighted average number of ordinary shares	16,210	16,210
	=====	=====
Earnings per share-basic and diluted	0.19	1.07
	=====	=====

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

18. 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.

19. 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>2001</i>			
	<i>One month to one year</i>	<i>Over one year</i>	<i>Non interest bearing</i>	<i>Total</i>
Financial Assets				
Marketable securities	--	--	75,934	75,934
Short term investments	1,250	--	--	1,250
Other receivables	--	--	725	725
Bank balances	820	--	774	1,594
	-----	-----	-----	-----
	2,070	--	77,433	79,503
	=====	=====	=====	=====
Financial Liabilities				
Due to shareholders on reduction	--	--	45	45
Accrued expenses and other liability	--	--	431	431
Due to investment adviser	--	--	1,534	1,534
Unclaimed dividend	--	--	533	533
	-----	-----	-----	-----

	--	--	2,543	2,543
On balance sheet gap (a)	2,070	--	74,890	76,960

(Rupees in '000)

	2000			
	<i>One month to one year</i>	<i>Over one year</i>	<i>Non interest bearing</i>	<i>Total</i>
Financial Assets				
Long term investments	2,500	1,250	--	3,750
Marketable securities	--	--	68,759	68,759
Other receivables	--	--	1,180	1,180
Bank balances	--	--	1,591	1,591
	2,500	1,250	71,530	75,280
Financial Liabilities				
Due to shareholders on reduction	--	--	45	45
Creditors and accrued expenses	--	--	189	189
Due to investment adviser	--	--	735	735
Unclaimed dividend	--	--	557	557
Proposed dividend	--	--	--	--
	--	--	1,526	1,526
On balance sheet gap (a)	2,500	1,250	70,004	73,754

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

(b) Effective mark-up rates for financial assets are as follows:

	2001	2000
	<i>Effective mark-up rate (%)</i>	
Financial Assets		
Short term investment - Term Finance Certificates	18.70	18.70
PLS Deposits	10.75	--
	2001	2000
	<i>(Rupees '000)</i>	

20. TRANSACTIONS WITH ASSOCIATED COMPANIES

Remuneration for services	1,534	735
---------------------------	-------	-----

Sales through associated companies	195,389	243,002
Purchases through associated companies	196,839	265,857

21. PERFORMANCE TABLE

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Net assets (Rupees in '000)	76,701	73,549	56,189	52,744	66,949	63,562	76,057	91,589	57,694	58,407
Net assets value per share (Rupees)	4.73	4.54	3.47	3.25	4.13	3.92	4.69	9.48	5.97	9.06
Earning per share	0.19	1.07	0.46	(0.88)	0.21	(0.77)	(0.77)	2.07	0.72	1.37
Dividend distribution	--	--	5%	--	--	--	--	--	16%	25%
Bonus shares issued	--	--	--	--	--	--	--	40%	--	--

22. GENERAL

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

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

Golden Arrow Investment & Research (Private) Limited Investment Adviser)
Profit and Loss Account
for the year ended 30 June 2001

	2001	2000
	(Rupees '000)	
Remuneration from Golden Arrow Selected Stocks Fund Limited	1,534	735

OPERATING EXPENSES**ADMINISTRATIVE**

Director's remuneration	370	289
Salaries, wages and other benefits	1,049	972
Gratuity	217	70
Electricity	193	155
Repairs and maintenance	75	91
Legal and Professional charges	39	53
Postage, telephone and telegrams	154	220
Printing and stationery	103	122
Conveyance and entertainment	143	93
Audit fee	28	22

Newspapers and subscriptions	17	16
Depreciation	237	281
Vehicle running expenses	92	161
Insurance	32	51
Advertisement	111	51
Others	228	88
	-----	-----
	3,088	2,735
	-----	-----
Loss for the year	4,622	3,470
	=====	=====

Note: Other revenue not relating to investment company has not been included in the above statement.