



Our 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.

Our Mission

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



Golden Arrow Selected Stocks Fund Limited

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Golden Arrow Selected Stocks Fund Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ahmed Abdul Sattar	Chairman
Miss Ayesha Aqeel Dhedhi	Director
Mr. Muhammad Ali Yacoob	Director
Mr. Taufique Habib	Director
Ms. Nausheen Rafiq Tambi	Director
Miss Parveen Akhtar Malik	Nominee Director of SPLAICL
Mr. Faisal Bengali	Director and Chief Executive

COMPANY SECRETARY

Mr. Muhammad Amin Hussain

AUDIT COMMITTEE

Mr. Taufique Habib (Chairman)
Mr. Muhammad Ali Yacoob (Member)
Miss Ayesha Aqeel Dhedhi (Member)
Mr. Rashid Ahmed (Secretary)

CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Hussain

INVESTMENT ADVISER

AKD Investment Management Limited
606, Continental Trade Centre, Block-8, Clifton, Karachi-74000

CUSTODIAN

Central Depository Company of Pakistan Limited
8th Floor, Karachi Stock Exchange Bldg. Karachi.

AUDITORS

M. Yousof Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8, KCHSU, Sharen Faisal, Karachi.

LEGAL ADVISER

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

REGISTERED OFFICE

606, Continental Trade Centre, Block-8, Clifton, Karachi-74000

REGISTRAR & SHARE TRANSFER OFFICE

Gangjoes Associates
413, Clifton Centre, Khayaban-e-Roomi, Kehkeshan, Block-5, Clifton, Karachi.
Tel: 5375714 - 5836920



Golden Arrow Selected Stocks Fund Limited

NOTICE OF MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of Golden Arrow Selected Stocks Fund Ltd. will be held on Friday, 30th September 2005 at 8:30 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 last Annual General Meeting held on 31st August 2004.
2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended 30th June 2005.
3. To approve the payment of cash dividends @ 40% i.e. Rs. 2.00 per share of Rs. 5/- each for the year ended June 30, 2005.
4. To appoint Auditors of the Company and to fix their remuneration. The present Auditors, Messrs. M. Yousaf Adil Saleem & Co., Chartered Accountants, retires and being eligible, offer themselves for re-appointment.
5. To transact any other business as may be placed before the meeting with the permission of the Chair.

SPECIAL BUSINESS:

1. To consider the recommendation of the Board of Directors to place quarterly accounts of the Company on the website instead of circulating the same by post to the shareholders, subject to compliance of the Securities and Exchange Commission of Pakistan's Circular No. 19 of 2004 dated April 14, 2004. It is, therefore, proposed to consider and, if thought fit, to pass the following resolutions with or without modification:

"RESOLVED THAT quarterly accounts of the Company be placed on its website www.akdinvestment.com instead of circulating the same by post to the shareholders, subject to compliance of the Securities and Exchange Commission of Pakistan's Circular No. 19 of 2004 dated 14th April 2004."

"RESOLVED FURTHER THAT any one of the Directors or the Chief Executive of the Company or Company Secretary be and is hereby authorized to complete the necessary corporate and legal formalities in connection with the above."

By Order of the Board

Muhammad Amin Hussain
Company Secretary

Karachi: August 5, 2005



Golden Arrow Selected Stocks Fund Limited

DIRECTORS' REPORT

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 2005.

The Stock Market and The Economy

The KSE-100 index gave the investors a roller coaster ride this year. Starting the financial year at 5287 on July 1st 2004, the index continued the Bull Run with exponentially increasing momentum to hit an all-time high of 10509 on 16th of March. However, the pace of appreciation in price levels was unsustainable and inevitably the index saw a massive correction between mid-March and mid-April. Badla financing was in the process of being phased out, which was the only instrument investors used to leverage in the market. Due to the lack of products that could have provided investors with a different alternative for speculation, investors were left with an option that was soon expiring, thus being the primary reason for the fall in the market. The free fall of the market finally bottomed out at 6700 however, the badla / margin-financing issues still continue to plague the market. After the decline, market followed its natural process of finding new trading levels and consolidating in trading range.

On the economic front, the Government of Pakistan's initiatives towards structural reforms over the last five years have begun to bare fruit. The GDP grew at a remarkable 8.4%. The biggest contributor to this growth was the industrial sector that grew by 10.2%, followed by services and agricultural sector that grew by 7.9% and 7.4% respectively. On the monetary side, central bank adopted an expansive monetary policy for the first nine months, which further boosted the capital market activity and general monetary growth. However, with oil prices on the rise and inflationary pressure heating up, the central bank was forced to raise interest rates and tighten the monetary policy. The GoP is still targeting a 7-8% GDP growth for next few years. We feel realistically if oil prices remain high, 6-6.5% GDP growth should be sustained.

Operational Results

This was a record year for the fund in more than one ways. The Fund has posted a net profit after tax of PKR 180.86 mn (EPS PKR 3.25) for FY05, up 125.42% from last year's profit of PKR 80.13 (EPS PKR 3.32). The profit includes PKR 8.34 mn in unrealized gains on remeasurement of marketable securities. The NAV of the fund has declined from 10.32 last year to 8.92 for this year. The decline in NAV and EPS is due to the dilution effect of the 229.41% rights issue. The profit after tax includes PKR 164.08 mn in capital gains and PKR 19.05mn in dividend income.

Payout to Shareholders

The Board has recommended cash dividend at Rs. 2.00 per share i.e. 40%. The book closure for the entitlement shall be from 23rd September 2005 to 30th September 2005 (both days inclusive).

Future Prospects

We are still cautiously optimistic on the future of KSE-100 and choose to stay long in selected sectors that we expect to benefit most from the developments at the macro-economic level. Of course, we do not expect a rally like the one we had last year, but we plan to continue outperforming the index and stay ahead of the pack no matter how the market moves, keeping our strict disciplined investment approach in mind. We expect the main drivers of the market to be sustained macro-economic growth and political stability, as well as KSE regaining local / foreign investor's trust after the regulatory issues are settled.

Additionally, our main strategy of only buying fundamentally strong and under valued stocks remains in tact. The strategy has helped us maximize our shareholders' returns through the twists and turns of last year and we believe that it will help us continue to perform exceptionally well in the year to come.



Golden Arrow Selected Stocks Fund Limited

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 23rd September 2005 to 30th September 2005 (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 share(s) for transfer etc. should be lodged with the share registrar.
4. Shareholders whose shares are deposited with Central Depository Company (CDC), or their Proxies are requested to bring their original National Identity Card (NIC) or Passport along with the Participants ID number and their account number at the time of attending the Annual General Meeting for verification.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984:

The statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 30th September 2005.

PLACEMENT OF QUARTERLY ACCOUNTS ON THE WEBSITE

Under section 245 of the Companies Ordinance, 1984 (read with various circular and notifications issued from time to time) the listed companies are required to prepare and either transmit their quarterly accounts by post to the shareholders or publish the same in the leading daily newspapers.

The Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 19 of 2004 issued vide letter No. CLD/D-II/51/2003 dated 14th April 2004 has now decided that the requirement of section 245 of the Companies Ordinance, 1984 would be treated as complied with (subject to the fulfilment of certain conditions including seeking the consent of its shareholders in general meeting as mentioned in the above referred circular) if the quarterly accounts are placed on the website.

In order to ensure timely availability of the information to the stakeholders and save the cost of printing and dispatching of quarterly accounts, the Board of Directors has recommended (subject to the approval of SECP and relevant Stock Exchanges) to place quarterly accounts on the website of AKD Investment Management Limited i.e., www.akdinvestment.com instead of circulating the same by post to the shareholders.

The Directors are not interested in this business except as shareholders of the Company.



Golden Arrow Selected Stocks Fund Limited

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 and the result of its operations.
- 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 judgement.
- 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 and other procedures is being continuously reviewed by internal auditor. The process of review will continue and any weakness in controls will have immediate attention of the Management.
- 6) There are no doubts upon the Company's ability to continue as a going concern.
- 7) The Corporate Governance regulations, as detailed in the listing regulations, have been fully implemented.
- 8) 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	5	5
Mr. Faisal Bengali	5	5
Mr. Taufique Habib	5	4
Miss Ayesha Aqeel Dhedhi	5	4
Ms. Nausheen Rafiq Tumbi	5	0
Miss Parveen Akhter Malik (Nominee Director of SPIAICL)	5	2
Mr. Mohammad Ali Yacoub	5	5

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 (No. of Shares)	Bonus & Right (No. of Shares)	Sales (No. of Shares)
Directors			
Mr. Faisal Bengali	-	203,200	-
Mr. Taufique Habib	-	3,200	-
Mr. Ahmed Abdul Sattar	-	35,968	8,000
Miss Ayesha Aqeel Dhedhi	-	3,200	-
Ms. Nausheen Rafiq Tumbi	-	3,200	-
Mr. Mohammad Ali Yacoub	-	4,200	-



Golden Arrow Selected Stocks Fund Limited

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance as contained in Regulation No. 37 of the listing regulations of the Karachi Stock Exchange (Guarantee) Ltd. 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 three independent non-executive directors.
- 2) The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
- 3) All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being member of stock exchange, has been declared as a defaulter by such stock exchange.
- 4) All casual vacancies occurring in the Board were filled up by the Directors within 30 days thereof.
- 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 Chief Financial Officer (CFO)/Company Secretary was appointed during the year ended June 30, 2005 with the approval of the Board.
- 9) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter during the year ended June 30, 2005. 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 Company has arranged an orientation course for its directors to apprise them of their duties and responsibilities.
- 11) The Directors' Report for the year ended June 30, 2005 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



Golden Arrow Selected Stocks Fund Limited

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 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) There exists an effective internal audit function within 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) We confirm that all other material principles contained in the Code have been complied with.

PATTERN OF SHAREHOLDING

As annexed on Page 10 & 11

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 (hereafter called Investment Adviser), 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 scrips. Although the Company's fund may be invested primarily in ordinary stocks, it may also take a significant position on 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.



Golden Arrow Selected Stocks Fund Limited

ACKNOWLEDGEMENTS

The Directors would like to take this opportunity of thanking 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 funds 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 shareholders for their confidence in the Company, and their continued support and blessings.

For and on behalf of the Board

Faisal Bengali
Chief Executive

Karachi: August 5, 2005

Golden Arrow Selected Stocks Fund Limited

PATTERN OF SHAREHOLDING AS AT 30TH JUNE 2005

NO OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
551	1	100	27,344	0.04
1206	101	500	310,551	0.44
678	501	1,000	590,883	0.78
1522	1,001	5,000	4,134,828	5.69
481	5,001	10,000	3,785,462	5.26
181	10,001	15,000	2,276,235	3.24
88	15,001	20,000	1,612,255	2.20
90	20,001	25,000	2,041,055	2.81
41	25,001	30,000	1,138,401	1.57
32	30,001	35,000	3,048,959	4.20
20	35,001	40,000	752,880	1.03
23	40,001	45,000	974,251	1.33
22	45,001	50,000	1,690,004	2.32
16	50,001	55,000	843,227	1.15
9	55,001	60,000	472,707	0.65
9	60,001	65,000	565,068	0.78
3	65,001	70,000	202,704	0.28
2	70,001	75,000	146,300	0.20
4	80,001	85,000	325,520	0.45
2	85,001	90,000	173,949	0.24
2	90,001	95,000	183,288	0.25
16	95,001	100,000	1,590,608	2.18
4	100,001	105,000	416,480	0.57
3	105,001	110,000	318,123	0.44
3	110,001	115,000	337,350	0.46
3	115,001	120,000	349,856	0.48
2	120,001	125,000	247,589	0.34
1	125,001	130,000	131,000	0.18
3	135,001	140,000	439,889	0.60
3	145,001	150,000	450,000	0.62
2	155,001	160,000	312,886	0.43
1	170,001	175,000	175,000	0.24
1	175,001	180,000	175,013	0.24
1	180,001	185,000	182,500	0.25
1	190,001	195,000	190,000	0.26
2	195,001	200,000	400,000	0.55
2	200,001	205,000	407,869	0.56
1	205,001	210,000	209,952	0.29
2	220,001	225,000	440,700	0.60
1	265,001	270,000	269,500	0.37
1	310,001	315,000	315,000	0.43
1	345,001	350,000	348,500	0.48
1	375,001	380,000	376,300	0.51
2	425,001	430,000	850,500	1.16
1	435,001	440,000	437,800	0.60
1	470,001	475,000	473,728	0.65
1	495,001	500,000	500,000	0.68
1	650,001	655,000	654,972	0.90
1	725,001	730,000	728,766	1.00
1	735,001	740,000	736,000	1.01
1	8,295,001	8,290,000	8,285,535	11.35
1	8,525,001	8,520,000	8,520,596	11.64
1	20,390,001	20,385,000	20,380,982	27.94
5047			70,233,902	100.00

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2005

PARTICULARS	SHAREHOLDERS	SHARES HOLDING	PERCENTAGE
INDIVIDUALS	4947	36,027,037	51.30
INVESTMENT COMPANIES	2	71,265	0.10
INSURANCE COMPANIES	3	90,973	0.13
JOINT STOCK COMPANIES	23	32,350,548	46.06
FINANCIAL INSTITUTIONS	7	687,949	0.98
MODARABA COMPANIES	7	46,238	0.07
OTHERS	8	855,321	1.20
-	5047	70,233,902	100.00



Golden Arrow Selected Stocks Fund Limited

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2005

CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENT %
Associated Companies, Undertakings and Related Parties		
AKD Investment Management Ltd.	8,525,590	12.14
Aqeel Karim Dhedhi Securities (Pvt.) Ltd.	20,394,082	29.04
NIT	-	-
ICP	71,965	0.10
Directors, Chief Executive & their spouses and minor children	260,308	0.37
Mr. Ahmed Abdul Sattar	39,208	-
Mr. Faisal Bengali	294,200	-
Mr. Taufique Habib	4,200	-
Mr. Muhammad Ali Yacoub	4,200	-
Miss Ayesha Aqeel Dhedhi	4,200	-
Ms. Nausheen Rafiq Tumbi	4,200	-
Miss Parveen Akhtar Malik (Nominee Director of SPLAICL)	-	-
Executives	-	-
Public Sector Companies and Corporations	492,228	0.70
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	828,131	1.18
Individuals	35,766,041	50.92
Others	3,893,757	5.54
Shareholders holding ten percent or more other than Associates Company and Directors	-	-
Total	70,233,062	100.00



Golden Arrow Selected Stocks Fund Limited

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 relevant Listing Regulation of all the Stock Exchanges 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 controls.

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, 2005.

Karachi: August 5, 2005

M. Yousuf Adil Saleem & Co.
Chartered Accountants



Golden Arrow Selected Stocks Fund Limited

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of assets and liabilities of **GOLDEN ARROW SELECTED STOCKS FUND LIMITED** (The Company) as at June 30, 2005 and the related income statement, distribution statement, statement of movements in equity and reserves and cash flow statement 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 Non Banking Finance Companies (Establishment and Regulation) Rules, 2003. 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 used 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 account have been kept by the Company as required by the Companies Ordinance, 1984 and the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 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 Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as indicated in note 2 with which we concur;
 - 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 objectives 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, the income statement, distribution statement, statement of movement in equity and reserves and cash flow statement 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 Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 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, 2005 and of the income, its distribution, movement in equity and reserves and cash flows for the year then ended; and
- d. in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of the Ordinance.

Karachi: August 5, 2005

M.Yousuf Adil Saleem & Co.
Chartered Accountants



Golden Arrow Selected Stocks Fund Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2005

	Note	2005 (Rupees in '000')	2004 (Restated)
ASSETS			
Bank balances	4	73,556	41,047
Receivable against sale of securities		14,484	4,005
Investment in marketable securities	5	548,147	162,268
Advance for purchase of securities	6	-	7,000
Dividend receivable		1,141	328
Other assets	7	1,640	530
Total assets		638,968	215,078
LIABILITIES			
Payable against purchase of securities		-	2,014
Remuneration payable to investment adviser	8	8,935	3,567
Accrued expenses and other liabilities	9	678	485
Unclaimed dividend	10	3,016	1,205
Total liabilities		12,629	7,271
NET ASSETS		626,339	207,807
SHARE CAPITAL & RESERVES			
Authorized capital 140,000,000 (2004:100,000,000) ordinary shares of Rs. 5 each		700,000	500,000
Issued, subscribed and paid up capital	11	351,165	100,502
General reserve		500	500
Unrealised appreciation in market value of securities classified as 'available for sale'		24,698	-
Unappropriated profit		249,976	106,805
		626,339	207,807

The annexed notes from 1 to 25 form an integral part of these financial statements.

Faisal Bengali
Chief Executive

Ayesha Aqeel Dhedhi
Director



Golden Arrow Selected Stocks Fund Limited

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2005

	Note	2005	2004
		<i>(Rupees in '000')</i>	
INCOME			
Capital gain on sale of marketable securities	12	164,080	56,688
Dividend income		19,048	7,255
Gain recognized on remeasurement of marketable securities		8,335	20,363
Profit on term finance certificate		890	-
Profit on deposit account		1,773	347
Other income		37	492
		<u>194,163</u>	<u>85,145</u>
OPERATING EXPENSES			
Administrative	13	2,818	1,228
Remuneration to investment adviser	8	8,935	3,567
Annual fee to Securities & Exchange Commission of Pakistan	9.1	456	182
Bank commission and charges	14	1,095	37
		<u>13,304</u>	<u>5,014</u>
Profit before taxation		<u>180,859</u>	<u>80,131</u>
Taxation	15	-	-
Profit for the year after taxation		<u>180,859</u>	<u>80,131</u>
Earnings per share (Rupees)	16	<u>3.25</u>	<u>3.32</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

Faisal Bengali
Chief Executive

Ayesha Aqool Dhedhi
Director



Golden Arrow Selected Stocks Fund Limited

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2005

	2005 (Rupees in '000')	2004 (Rupees in '000') (Restated)
Accumulated profit brought forward	69,117	26,674
Effect of change in accounting policy as stated in note 2	37,688	22,110
Restated balance of unappropriated profit brought forward	106,805	48,784
Final dividend for the year ended June 30, 2003 @ 22% (Rs.1.1 per share)	-	(22,110)
Final dividend for the year ended June 30, 2004 @ 17.5% (Re. 0.88 per share)	(17,588)	-
Bonus issue for the year ended June 30, 2004 @ 20%	(20,100)	-
Net profit for the current year	180,859	80,131
Unappropriated profit at the end of the year	249,976	106,805

Proposed final dividend for the year ended June 30, 2005 has not been disclosed in above statement
(Refer notes to the accounts 10.1)

The annexed notes from 1 to 25 form an integral part of these financial statements.

Faisal Bengali
Chief Executive

Ayesha Aqeel Dhodhi
Director



Golden Arrow Selected Stocks Fund Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2005

	2005	2004
	<i>(Rupees in '000')</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	180,859	80,131
Adjustments for non cash item:		
Gain recognized on remeasurement of marketable securities	(8,335)	(20,363)
	172,524	59,768
<i>(Increase) / decrease in assets</i>		
Receivable against sale of securities	(10,479)	(3,778)
Investment in marketable securities	(352,846)	6,673
Advance for purchase of securities	7,000	(7,000)
Dividend receivable	(913)	12
Other assets	(896)	(266)
	(358,134)	(4,359)
<i>Increase / (decrease) in liabilities</i>		
Payable against purchase of securities	(2,014)	2,014
Remuneration payable to investment adviser	5,368	1,334
Accrued expenses and other liabilities	193	(206)
	3,547	3,142
Cash (used in) / generated from operations	(182,063)	58,551
Tax paid	(214)	(65)
Net cash (used in) / generated from operating activities	(182,277)	58,486
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(15,777)	(21,420)
Issue of right shares	230,563	-
Net cash generated from / (used in) financing activities	214,786	(21,420)
Net increase in bank balances during the year	32,509	37,066
Bank balances at the beginning of the year	41,047	3,981
Bank balances at the end of the year	73,556	41,047

The annexed notes from 1 to 25 form an integral part of these financial statements.

Faisal Bengali
Chief Executive

Ayesha Aqeel Dhedhi
Director



Golden Arrow Selected Stocks Fund Limited

STATEMENT OF MOVEMENT IN EQUITY AND RESERVES FOR THE YEAR ENDED JUNE 30, 2005

	Share capital	Share premium	Reserve for bonus issue	Unrealised appreciation in available for sale investment	General reserve	Unappropriated profit	Net assets	Net assets per share
	Rupees in thousand							Rupees
Previously reported balance as at June 30, 2003	100,502	-	-	-	500	26,674	127,676	1.82
Effect of change in accounting policy with respect to final dividend for the year ended June 30, 2003 declared subsequent to year end (note 10.1)	-	-	-	-	-	22,110	22,110	0.31
Restated balance as at June 30, 2003	100,502	-	-	-	500	48,784	149,786	2.13
Profit for the year								
Capital gain on sale of marketable securities	-	-	-	-	-	56,686	56,686	0.81
Gain recognized on remeasurement of marketable securities	-	-	-	-	-	20,362	20,362	0.29
Other income for the year - net of operating expenses and taxation	-	-	-	-	-	3,098	3,098	0.04
	-	-	-	-	-	80,146	80,146	1.14
Final dividend for the year ended June 30, 2003	-	-	-	-	-	(22,110)	(22,110)	(0.31)
Restated balance as at June 30, 2004	100,502	-	-	-	500	156,965	257,967	2.96
Bonus issue for the year ended June 30, 2004	28,100	-	-	-	-	(28,100)	-	-
Right issue	230,563	-	-	-	-	-	230,563	3.28
Profit for the year								
Capital gain on sale of marketable securities	-	-	-	-	-	164,080	164,080	2.34
Gain recognized on remeasurement of marketable securities	-	-	-	-	-	8,335	8,335	0.12
Other income for the year - net of operating expenses and taxation	-	-	-	-	-	8,444	8,444	0.12
	-	-	-	-	-	180,859	180,859	2.58
Unrealised appreciation in available for sale investment	-	-	-	24,896	-	-	24,896	0.35
Final dividend for the year ended June 30, 2004	-	-	-	-	-	(17,588)	(17,588)	(0.25)
Balance as at June 30, 2005	359,165	-	-	24,896	500	349,976	626,539	8.92

The annexed notes from 1 to 25 form an integral part of these financial statements.

Faisal Bengali
Chief Executive

Ayesha Aqeel Dhedhi
Director



Golden Arrow Selected Stocks Fund Limited

NOTES TO THE ACCOUNTS - JUNE 30, 2005

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated on May 09, 1983 in Pakistan as a public limited company under Companies Act, 1913 (now Companies Ordinance, 1984) with registered office in Karachi, Sindh. It was registered as an investment company under the Investment Companies and Investment Advisers Rules, 1971 (Rules). 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.

During the year the Company has changed its investment adviser and entered into an agreement with AKD Investment Management Limited which has been approved by the Securities and Exchange Commission of Pakistan (SECP).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with requirements of Companies Ordinance, 1984, the NBFC Rules, directives issued by the SECP and approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Accounting Standards (IAS) as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, the NBFC Rules or directives issued by SECP differ with the requirements of these standards, the requirements of Companies Ordinance, 1984, NBFC Rules and the said directives take precedence.

During the year, the SECP substituted the Fourth Schedule to the Ordinance which is effective from financial year ending on or after July 5, 2004. This has resulted in the change in accounting policy pertaining to recognition of dividends declared subsequent to the year end (note 10.1).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Accounting convention

These financial statements of the Company are prepared under the historical cost convention, except marketable securities which are included at fair value in accordance with the recognition criteria specified in the relevant International Accounting Standards and the requirement of NBFC Rules.

3.2. Marketable securities

Investments held for trading

An investment held for trading is acquired principally for the purpose of generating profit from short-term fluctuations in prices. These are initially measured at cost being the fair value of consideration given on the date when the company commits to purchase the investment, including transaction costs associated with the investment. Subsequently, these are valued at fair value, which is the quoted bid price at stock exchange at the statement of assets and liabilities date. The resultant gain or loss on remeasurement of value of investment is recognised in the income statement.

Investments available for sale

Other Investments are classified as available for sale and are initially measured at cost being the fair



Golden Arrow Selected Stocks Fund Limited

value of consideration given on the date when the company commits to purchase the investment, including transaction costs associated with the investment. Subsequently, these are valued at fair value, which is the quoted bid price at stock exchange at the balance sheet except for term finance certificates which in accordance with the directives of the SECP are carried at cost as no quotes were available on the stock exchange. Changes in fair value of all available for sale investments are recognised in equity.

Held to maturity

Only those securities are classified as held to maturity which have fixed or determinable payments and fixed maturity that company has positive intent and ability to hold upto maturity.

Securities that are not traded in market and for which reliable quotes are not available, are carried at cost in accordance with NBFC Rules 2-xxxiv (i).

3.3 Revenue recognition

Capital gains / (losses) arising on sale of securities are included in the income statement in the period in which such securities are sold / de-recognised.

Dividend income is recognised when the right to receive dividend is established i.e on the date of book closure of the investee declaring the dividend.

Income on term finance certificate is recognised on accrual basis.

Profit on bank deposits is recognised on accrual basis.

3.4 Taxation

The charge for the 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.

3.5 Offsetting financial instruments

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

3.6 Financial assets and financial liabilities

Financial assets and liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument and de-recognised when the company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets carried on the statement of assets and liabilities include bank balances, receivable against sale of marketable securities, investment in marketable securities classified as 'held for trading' and 'available for sale', dividend and profit receivable.

Financial Liabilities carried on the statement of assets and liabilities include remuneration payable



Golden Arrow Selected Stocks Fund Limited

to the investment adviser, payable against purchase of marketable securities, accrued expenses and other liabilities, proposed and unclaimed dividend.

At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and financial liabilities except for transaction costs that may be incurred on disposal. The particular recognition method adopted for measurement of financial assets and liabilities subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

3.7 Payables and accruals

Payables and accruals are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the company.

3.8 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 amount can be made.

3.9 Related party transactions

Related party transactions are stated at arm's length prices based on the method given in note 17 to the financial statements.

4. BANK BALANCES

In deposit accounts
In current accounts

2005
2004
(Rupees in '000')

70,493	39,782
3,063	1,265
<u>73,556</u>	<u>41,047</u>

5. INVESTMENT IN MARKETABLE SECURITIES

Held for trading (note 5.1)
Available for sale (note 5.2)

421,022	162,268
127,125	-
<u>548,147</u>	<u>162,268</u>



Golden Arrow Selected Stocks Fund Limited

5.1 MARKETABLE SECURITIES - HELD FOR TRADING (Face value of Rs. 10/- each unless otherwise stated)

Name of the investee	Number of Shares / Certificates			Balance as at June 30, 2005				Percentage in relation to					
	Opening balance	Purchases	Sales	Buy/sell right issue	Closing balance	Cost (Rs.000)	Book value (Rs.000)	Market value per share/ unit/ stake	Market value (Rs.000)	Dividend/ gain/loss (Rs.000)	Total book value of investment	Own net assets	Investor paid up capital (Rs. value)
Motorbikes													
First All-New Motorbikes	141,000	-	33,500	-	122,500	1,060	1,071	7.10	965	1060	6.26	6.14	6.61
First Hatch Back Motorbikes	50,263	-	-	-	50,263	500	782	12.50	635	1027	8.19	8.10	8.13
Guardian Motorbikes	-	278,800	-	-	278,800	2,655	2,655	9.50	2,511	2060	6.86	6.80	1.14
Lending Companies													
Otto Lending Pakistan Limited	-	100,000	100,000	-	-	-	-	-	-	-	-	-	-
Investment Banks / Investment Companies / Sec. Companies													
Securix Investment Bank Limited	-	202,400	-	-	202,400	2,413	2,413	10.80	2,658	1060	6.65	6.60	6.79
First International Investment Bank Limited	144,303	-	71,900	30,886	71,208	830	999	11.90	851	1146	8.24	8.14	8.18
Commercial Banks													
Adani Commercial Bank Limited	78,000	-	-	-	78,000	3,447	3,447	48.75	3,326	-	5.84	5.56	6.00
Bank Al Falah Limited	-	275,000	275,000	-	86,000	8,160	8,160	63.80	9,694	1,304	1.97	1.56	0.96
Bank of Punjab	-	500,000	416,000	60,000	180,000	8,160	8,160	63.80	9,694	1,304	1.97	1.56	0.96
Faisal Bank Limited	-	300,000	300,000	-	255,000	22,798	22,798	302.95	34,389	1,493	5.12	5.86	6.14
Muslim Commercial Bank Limited	-	1,380,000	1,155,000	-	-	-	-	-	-	-	-	-	-
National Bank of Pakistan	-	100,000	300,000	-	-	-	-	-	-	-	-	-	-
United Bank Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Textile Spinning													
Galson Textile Mills Limited	100,500	56,190	58,900	-	65,790	4,192	4,548	82.05	5,261	844	1.18	0.86	0.26
Galson Spinning Mills Limited	100,075	-	-	-	100,075	1,232	1,262	16.00	1,601	1150	0.47	0.29	0.29
Textile Composite													
Artistic Dyeing Mills Limited	25,000	-	25,000	-	25,000	3,254	3,254	22.00	3,040	214	0.79	0.49	0.11
Angard New Limited	27,000	190,000	95,000	-	95,000	3,254	3,254	22.00	3,040	214	0.79	0.49	0.11
Gold Medal Mills Limited	37,000	-	3,000	2,000	27,000	1,821	1,880	55.00	1,261	178	0.11	0.24	0.07
Irony Textile Mills Limited	100,000	-	-	-	57,500	1,151	1,268	33.75	1,078	128	0.29	0.40	0.40
Khushal Mills Limited	-	105,000	105,000	-	105,000	5,264	5,264	66.70	6,499	422	1.20	1.29	0.15
North Mills Limited	-	180,000	180,000	25,000	185,000	5,264	5,264	66.70	6,499	422	1.20	1.29	0.15
Shahid Mills Limited	-	484,750	484,750	-	78,500	5,268	5,268	25.00	5,203	665	1.31	0.85	0.32
Sheep Cotton Mills Limited	360,000	-	55,500	-	304,500	3,451	4,487	50.00	5,253	478	1.38	0.85	0.58
Synthetic & Rayon													
Devsan Spinning Mills Limited	-	1,000,000	1,100,000	-	410,000	12,485	12,485	36.86	7,429	5,046	3.02	1.19	0.12
Sugar and Allied Industries													
Chakras Sugar Mills Limited	121,000	-	121,000	-	-	-	-	-	-	-	-	-	-
Chakras Sugar Mills Limited	20,000	-	20,000	-	-	-	-	-	-	-	-	-	-
Trichandraraj Sugar Mills Limited	182,000	-	182,000	-	-	-	-	-	-	-	-	-	-



Golden Arrow Selected Stocks Fund Limited

Name of the Investment	Number of Shares / Certificates			Balance as at June 30, 2005				Percentage in relation to				
	Opening balance	Purchases	Sales	Ending right issue	Cost (Rs.000)	Book value (Rs.000)	Market value per share/certificate	Market value (Rs.000)	Unrealized gain/(loss) (Rs.000)	Total book value of investments	Own net assets	Investor paid up capital (Face value)
General												
U.G Khan Cement Company Limited	-	400,000	400,000	-	-	2,837	9.35	1,590	(957)	6.71	0.32	0.12
Dewan Bhatia Cement Limited	-	243,200	243,200	-	214,000	2,837	9.35	1,590	(957)	6.71	0.32	0.12
Pang Cement Company Limited	-	500,000	500,000	-	-	-	-	-	-	-	-	-
Swamy Cement Limited	-	1,150,000	1,150,000	-	-	-	-	-	-	-	-	-
Single Cement Factory Limited	-	150,000	150,000	-	-	-	-	-	-	-	-	-
Pravara Cement Limited	-	1,400,000	1,400,000	-	-	-	-	-	-	-	-	-
Refinery												
National Refinery Limited	35,000	18,500	24,000	-	32,500	3,003	205.30	8,698	1,695	1.70	1.39	0.04
Power Generation and Distribution												
Wah Power Company Limited	-	834,500	834,500	-	465,300	11,479	26.40	18,765	(714)	2.78	1.71	0.04
Kot Addu Power Company Limited	-	896,100	280,000	-	696,100	31,224	37.25	15,863	(2,621)	5.14	3.80	0.08
Sectoren Electric Power Company Limited	-	150,000	150,000	-	-	-	-	-	-	-	-	-
Oil and Gas Marketing Companies												
Pakistan State Oil Company Limited	26,000	817,400	937,500	-	20,000	7,892	266.96	11,580	2,618	1.27	1.35	0.02
Shell Pakistan Limited	-	30,000	21,900	-	8,000	4,410	551.96	4,085	333	1.86	0.80	0.05
Sui Northern Gas Pipelines Co. Limited	-	973,000	973,000	-	203,800	5,174	33.13	5,209	34	1.25	0.83	0.05
Sui Southern Gas Co. Limited	208,000	1,721,500	1,698,500	-	-	-	-	-	-	-	-	-
Oil and Gas Exploration Companies												
Marat Gas Company Limited	25,000	-	29,000	-	-	-	-	-	-	-	-	-
Oil and Gas Development Company Limited	-	2,215,000	2,215,000	-	400,000	42,280	116.30	42,279	(200)	10.27	6.72	0.01
Pakistan Oilfields Limited	-	960,000	415,000	-	550,000	42,260	281.40	42,219	(200)	10.25	6.74	0.01
Pakistan Petroleum Limited	-	1,476,300	1,314,000	-	100,000	36,443	235.35	34,415	(27)	8.25	5.49	0.02
Automobile Assembler												
AJ-Ghaz Tractors Limited (Face Value of Rs.5)	12,000	18,000	10,000	2,000	22,000	3,294	147.85	3,235	(59)	6.46	6.52	0.13
Indus Motor Company Limited	80,000	85,300	50,000	-	183,300	32,204	86.86	14,487	(3,029)	4.73	2.22	0.23
Pak Straddle Motor Company Limited	-	48,000	-	4,800	32,800	6,712	138.80	5,280	(1,432)	1.65	0.84	0.13
Automobile Parts and Accessories												
Agronics Industries Limited (Face Value of Rs.1)	-	200,000	-	-	200,000	10,940	50.00	30,000	(940)	3.08	1.60	1.67
Cable and Electrical Goods												
Pak Electrics Limited	-	58,000	58,000	-	-	-	-	-	-	-	-	-
Transport												
Pakistan International Airlines Corporation (A)	150,000	208,800	468,000	-	-	-	-	-	-	-	-	-
Pakistan National Shipping Corporation Limited	-	118,200	5,200	-	100,000	5,406	182.60	18,260	4,864	1.33	1.65	0.08



Golden Arrow Selected Stocks Fund Limited

Name of the investee	Number of Shares / Certificates					Balances as at June 30, 2005					Percentage in relation to		
	Opening balance	Purchases	Sales	Base/ right issue	Closing balance	Cost (Rs,000)	Book value (Rs,000)	Market value per share/certificate	Market value (Rs,000)	Dividend paid (Rs,000)	Total book value of investments	Over net assets	Increase paid up capital (face value)
Technology and Communication													
Collins & Lyngby Telecom Limited	400,000	301,000	300,000	-	401,000	8,808	11,418	29.08	21,028	52,021	2.17	2.14	1.29
Pakistan Telecommunication Company Limited (AT)	355,000	2,775,000	2,980,000	-	358,000	13,313	13,515	65.65	16,658	(1,028)	4.24	2.63	0.05
Southern Network Limited	100,000	128,000	86,000	-	152,000	1,494	1,029	8.55	1,361	(147)	0.35	0.25	0.25
Telecel Limited	200,000	200,000	500,000	-	-	-	-	-	-	-	-	-	-
WorldCALL Broadband Limited	400,000	3,000	405,000	-	-	-	-	-	-	-	-	-	-
Fertilizers													
Derosed Heretics Chemicals Limited	45,200	200	45,000	-	128,200	15,914	15,604	115.25	54,189	(1,223)	3.86	2.27	0.58
Egna Chemicals (Pakistan) Limited	125,000	229,100	227,900	87,100	175,300	19,224	19,324	121.25	21,011	1,787	4.68	3.26	0.54
Pepsi Fertilizer Company Limited	-	811,000	831,000	-	-	-	-	-	-	-	-	-	-
Pharmaceuticals													
GlaucobinKhai (Pakistan) Limited	4,100	31,200	2,400	-	31,500	8,777	5,777	175.95	5,542	(265)	1.40	0.88	0.04
Pooh Pakistan Limited / (Face value of Rs. 100)	-	1,500	929	-	1,500	929	2,219	893.00	1,518	(892)	0.54	0.24	0.12
Chemicals													
KCI Pakistan Limited	-	825,200	882,000	-	145,700	15,641	15,641	77.50	12,609	(3,022)	3.79	3.01	0.12
Pakistan PTA Limited	-	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-
Paper and Board													
Packages Limited	85,000	-	56,000	18,478	51,238	5,453	9,186	148.80	7,215	(1,851)	2.22	1.15	0.97
Food and Personal Care Products													
Trest Corporation Limited	50,585	-	33,300	-	14,983	1,825	4,379	285.00	5,818	1,248	1.11	0.94	0.36
Suspensives / Detergent Companies													
Central Cotton Mills Limited	6,014	-	-	-	6,014	-	-	-	-	-	-	-	-
Suzlon Cloth Mills Limited	15,200	-	-	-	15,200	-	-	-	-	-	-	-	-
						480,074	412,688		471,022	8,332			
						126,002	141,805		162,269	26,262			

June 30, 2005 Represents in '000'

June 30, 2004 Represents in '000'



Golden Arrow Selected Stocks Fund Limited

5.2 MARKETABLE SECURITIES - AVAILABLE FOR SALE

(Face value of Rs. 10/- each unless otherwise stated)

Name of the investee	Number of Shares / Certificates				Balance as at June 30, 2005					Percentage in relation to			
	Opening balance	Purchases	Sales	Issued / Right issue	Closing Balance	Cost (Rs. '000)	Book value (Rs. '000)	Market value per share/certificate	Market value (Rs. '000)	Unrealized gain/(loss) (Rs. '000)	Total book value of investments	Own net assets	Innovation paid up capital of IFU
Lending Companies													
Security Lending Corp. (Pvt.) Ltd.	-	3,000,000	-	-	3,000,000	30,534	30,534	11.00	30,500	(504)	28.78	4.79	9.12
Commercial Banks													
Fixed Bank Limited	-	300,000	-	30,000	300,000	15,409	18,000	32.83	17,254	3,254	15.44	2.83	0.10
National Bank of Pakistan	-	300,000	-	80,000	300,000	22,026	22,026	197.95	38,942	16,920	21.21	6.20	0.06
Cable and Electrical Goods													
Suzman (Pakistan) Engineering Co. Ltd.	-	36,000	-	-	36,000	9,267	9,267	686.00	18,900	1,563	9.14	1.79	0.21
Fertilizer													
Pepsi Fertilizer Company Limited	-	100,000	-	32,250	132,250	11,020	11,020	121.26	70,649	4,429	11.34	3.56	0.03
Term Finance Certificates (Face value of Rs. 5,000/- each)													
Jahangir Siddiqui & Co. Limited	-	1,000	-	-	1,000	7,000	7,000	** 5,000	7,000	-	6.83	1.12	* 1.40
United Bank Limited	-	1,200	-	-	1,200	4,800	4,500	** 1,000	4,500	-	6.35	1.64	* 0.26
						102,427	101,427		187,119	24,006			

* June 30, 2005 Represents '000'

** June 30, 2004 Represents '000'

* In relation to the company's total issued Term Finance Certificate

** This figure represents cost per certificate.



Golden Arrow Selected Stocks Fund Limited

	2005	2004
	<i>(Rupees in '000')</i>	
6. ADVANCE FOR PURCHASE OF SECURITIES		
Term Finance Certificates of United Bank Limited	-	5,000
Ordinary shares of Pakistan International Airlines Corporation	-	2,000
	<u>-</u>	<u>7,000</u>
7. OTHER ASSETS		
Tax refundable	427	213
Prepayments	-	17
Profit receivable on term finance certificate	227	-
Profit receivable on bank deposit - considered good	986	300
	<u>1,640</u>	<u>530</u>
8. REMUNERATION PAYABLE TO INVESTMENT ADVISER		
The remuneration of the Investment Adviser has been determined at the rate of two percent of average monthly net assets of the Company, in accordance with Rule 53 of the NBFC Rules.		
9. ACCRUED EXPENSES AND OTHER LIABILITIES		
Annual fee payable to SECP (9.1)	456	295
Custodian fee	22	21
Auditors' remuneration	135	108
Central Depository Company charges	20	15
Unclaimed amount due to shareholders on reduction of capital	45	45
Withholding tax	-	1
	<u>678</u>	<u>485</u>
9.1 Annual fee to SECP has been determined at one tenth of one percent of average monthly net assets of the Company in terms of Rule 54 of the NBFC Rules.		
10. DIVIDEND		
Unclaimed dividend	3,016	1,205
Final dividend (note 10.1)	-	-
	<u>3,016</u>	<u>1,205</u>
10.1 The Company, effective from current year, has not recognised the final dividend, proposed subsequent to the year end, as a liability to comply with the substituted Fourth Schedule to the Ordinance, as referred to in note 2. Such a change in policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with the recommended benchmark treatment of IAS 8 - "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies". Had there been no change, the unappropriated profit and the current liabilities for the year ended June 30, 2005 would have been lower and higher respectively by Rs. 140,465 thousand (2004: Rs. 17,588 thousand).		
10.2 The Board of Directors of investment adviser in its meeting held on August 5, 2005 has approved a final cash dividend for the year ended June 30, 2005 of Rs. 2/- per share i.e. 40%, amounting to Rs.140,466 thousand. These financial statements do not reflect the appropriation of dividend and dividend payable as explained in note 10.1 above.		

Golden Arrow Selected Stocks Fund Limited

11. ISSUED, SUBSCRIBED & PAID UP CAPITAL

2005 No. of shares	2004	Fully paid shares of Rs.5/- each	Note	2005 (Rupees in '000')	2004 (Rupees in '000')
57,916,842	11,804,320	Issued for cash		289,584	59,022
12,316,160	8,296,080	Issued as bonus shares		61,581	41,480
<u>70,233,002</u>	<u>20,100,400</u>			<u>351,165</u>	<u>100,502</u>

12. CAPITAL GAIN ON SALE OF MARKETABLE SECURITIES

Opening value of securities		162,268	148,578
Purchases		2,095,096	657,155
Closing value of securities		2,257,364	806,733
Sale of marketable securities		(515,114)	(141,904)
		1,742,250	663,829
		1,906,330	720,517
		<u>164,080</u>	<u>56,688</u>

13. ADMINISTRATIVE EXPENSES

Custodian fee		410	62
Listing fee		709	85
Auditor's remuneration	13.1	150	135
Legal and professional charges		197	100
CDC charges		772	266
Directors' meeting fee		50	45
Fees and subscription	13.2	530	535
		<u>2,818</u>	<u>1,228</u>

13.1 Auditors' remuneration

Statutory audit fee		100	100
Half-yearly review		25	25
Special certification		15	-
Out of pocket expenses		10	10
		<u>150</u>	<u>135</u>

13.2 It includes Rs. 500,400/- (2004: Rs. 500,000) in respect of fee paid to SECP for increase in authorized capital.



Golden Arrow Selected Stocks Fund Limited

	<i>Note</i>	2005	2004
		<i>(Rupees in '000')</i>	
14. BANK COMMISSION AND CHARGES			
Bank commission on right issue		1,052	-
Bank charges		43	37
		<u>1,095</u>	<u>37</u>

15. TAXATION

The Company is exempt from tax under clause 99 of part I of the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income of that year, as reduced by capital gain whether realized or unrealized, is distributed amongst its shareholders.

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

16. EARNINGS PER SHARE

Profit for the year after taxation

180,859	80,131
---------	--------

Weighted average number of shares

Number of Shares (in '000')

55,705	24,121
--------	--------

55,705	24,121
--------	--------

Basic earnings per share

(Rupees)

3.25	3.32
------	------

3.25	3.32
------	------

There is no effect of dilution on the earnings per share computed above.

	<i>Note</i>	2005	2004
		<i>(Rupees in '000')</i>	
17. TRANSACTIONS WITH RELATED PARTIES			
AKD Investment Management Limited			
(2004: Golden Arrow Investment & Research Limited)			
Remuneration to Investment Adviser	8	8,935	3,567
Aqeel Karim Dhedhi Securities (Pvt.) Limited			
(2004: Concordia Securities (Pvt.) Limited)			
Sales of marketable securities through associated company		351,645	473,598
Purchases of marketable securities through associated company		191,589	411,595

The Company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length price using uncontrolled price method.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investment in marketable securities are carried at their fair value, except for TFC's. The management is of the view that the fair market value of most of the remaining financial assets and liabilities are not significantly different from their carrying values.



Golden Arrow Selected Stocks Fund Limited

19. YIELD/ INTEREST RATE RISK

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest/ mark-up rate risk arises from mismatches or gaps in the amounts of interest/ mark-up based assets and liabilities that mature or reprice in a given period.

19.1 MARK-UP/ INTEREST RATE RISK EXPOSURE

The management of the Investment Adviser of the company manages this risk with the objective of limiting the potential adverse impact on the profitability of the company.

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

Financial Assets	Effective Yield/ Interest rates	Mark-up/Interest bearing			Non mark-up/ Interest bearing	Total
		Upto three months	More than three months and upto one year	More than one year		
-----Rupees '000'-----						
Bank balances	2.5%	70,493	-	-	3,063	73,556
Receivable against marketable securities		-	-	-	14,484	14,484
Investment in marketable securities	8.29%-8.45%	-	13,500	-	534,647	548,147
Dividend receivable		-	-	-	1,141	1,141
Other assets		-	-	-	1,213	1,213
		70,493	13,500	-	554,548	638,541
Financial Liabilities						
Remuneration payable to Investment Adviser		-	-	-	8,935	8,935
Accrued expenses and other liabilities		-	-	-	678	678
Unclaimed dividend		-	-	-	3,016	3,016
		-	-	-	12,629	12,629
On-balance sheet gap - 2005		70,493	13,500	-	541,919	625,912
On-balance sheet gap-2004 (Rested)		39,782	-	-	167,796	207,577



Faisal Golden Arrow Selected Stocks Fund Limited

STATEMENT OF INCOME & EXPENDITURE IN RELATION
TO THE INVESTMENT COMPANY
FOR THE YEAR ENDED 31ST MARCH 2005

20. MARKET RISK

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market price. The Company manages its market risk by monitoring exposure on marketable securities as per the internal guidelines of the Investment Adviser.

21. CREDIT RISK

Credit risk arises from the inability of the counter-parties to meet the terms of the Company's financial instrument contracts is generally limited to the amounts, if any, by which the counter-party obligations exceeds the obligations of the Company itself. Company enters into transactions with diverse creditworthy counter-parties thereby mitigating any significant concentration of credit risk.

22. 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 are restricted to the extend of available liquidity and all assets of the Company are readily disposable in the market.

23. PERFORMANCE TABLE

	Net assets		Earnings		Distribution	
	'000'	Rupees per share	Rupees per share	Dividend*	Bonus	
2005	626,339	8.92	3.25	-	-	
2004	207,807	2.96	3.32	17.5%	24%	
2003	127,676	6.36	3.06	22%	24%	
2002	88,276	5.44	0.28	-	-	
2001	76,701	4.73	0.19	-	-	
2000	73,549	4.54	1.07	-	-	
1999	56,189	3.47	0.46	5%	-	
1998	52,744	3.25	(0.88)	-	-	
1997	66,949	4.13	0.21	-	-	
1996	63,562	3.92	(0.77)	-	-	

* The dividend distributions have been shown against the year to which they relate although these were declared and distributed subsequently to the year end.

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 5th August, 2005 by the Board of Directors of the Company.

25. FIGURES

Figures have been rounded off to the nearest thousands rupees.

Faisal Bengali
Chief Executive

Ayesha Aqeel Dhedhi
Director



Golden Arrow Selected Stocks Fund Limited

STATEMENT OF INCOME & EXPENDITURE IN RELATION TO THE INVESTMENT COMPANY FOR THE YEAR ENDED 30 JUNE 2005

	2005
	<i>(Rupees in '000')</i>
Remuneration from Golden Arrow Selected Stocks Fund Limited	8,935
Less: Operating Expenses:	
Staff salaries & benefits	6,571
Travelling and conveyance	231
Electricity	223
Telephone	239
Postage	215
Printing and stationery expenses	513
Insurance	50
Advertising	179
Entertainment	68
Miscellaneous expenses	132
Computer expense	6
Legal and professional charges	562
Stamps and duties	191
Seminar and others	37
Fee and subscription	196
SECP (Licence fee)	25
Repair & Maintenance	56
Vehicles running expenses	153
Amortization of deferred expenditure	154
Auditors' remuneration	40
Lease rental	572
Depreciation	405
	10,817
Loss for the year	<u>(1,882)</u>

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



Golden Arrow Selected Stocks Fund Limited

Proxy Form Annual General Meeting

I / We _____
of _____
being a member(s) of Golden Arrow Selected Stocks Fund Limited holding _____
ordinary shares hereby appoint _____
of _____ or failing him / her _____
of _____ who is / are also member(s) of Golden Arrow
Selected Stocks Fund Limited as my / our proxy in my / our absence to attend and vote for
me / us and on my / our behalf at the Twenty Second Annual General Meeting of the Company to
be held on 30th September, 2006 and / or any adjournment thereof.

As witness my / or hand seal this _____ day of _____ 2006

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 Limited, 606, 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 himself 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 instruments of proxy are deposited by member with the Company, all such instruments of proxy shall be rendered invalid.
4. CDC share holders 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.