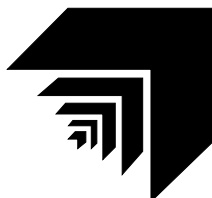




AKD Investment
Management Ltd.



Golden Arrow
SELECTED STOCKS FUND LIMITED

ANNUAL REPORT
2006



Golden Arrow Selected Stocks Fund Limited

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
Mr. Faisal Bengali	Chief Executive
Miss Ayesha Aqeel Dhedhi	Director
Mr. Muhammad Ali Yacoob	Director
Mr. Taufique Habib	Director
Ms. Nausheen Rafiq Tumbi	Director
Miss Parveen Akhtar Malik	Nominee Director of SPIAICL

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. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8, KCHSU, Sharea Faisal, Karachi.

LEGAL ADVISER

Ali Daraz 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

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



Golden Arrow Selected Stocks Fund Limited

Notice of Annual General Meeting

Notice is hereby given that the Twenty Third Annual General Meeting of Golden Arrow Selected Stocks Fund Ltd will be held on Thursday, 28 September 2006 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 30th September 2005.
2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended 30 June 2006.
3. To approve the payment of final cash dividend @ 10% i.e. Rs. 0.50 per share of Rs. 5/- each for the year ended June 30, 2006.
4. To appoint Auditors of the Company and to fix their remuneration for the year ending June 30, 2007. In order to comply with the requirements of Rules 59 of the Non Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules), the Audit Committee has recommended the appointment of M/s. A.F. Ferguson & Company, Chartered Accountants, as the auditors for the year ending June 30, 2007, as the retiring Auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants have been the auditors of the Company for three years.
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 increase the authorized share capital from Rs.700,000,000/- (Rupees seven hundred million only) to Rs.900,000,000/- (Rupees nine hundred million only) and pass with or without modification the following resolution as Special Resolution.

“RESOLVED THAT the authorized capital of the Company be and is hereby increased from Rs.700,000,000/- (Rupees seven hundred million only) to Rs.900,000,000/- (Rupees nine hundred million only) divided into 180,000,000 ordinary share of Rs.5/- each.

“RESOLVED FURTHER THAT appropriate notes be placed below clause V of the Memorandum of Association and Article 7 of the Articles of Association of the Company.

By Order of the Board

Karachi: August 7, 2006

Muhammad Amin Hussain
Company Secretary



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 21 September, 2006 to 28 September 2006 (both days inclusive).
3. The Shareholders are requested to notify any change in their address immediately to the Share Registrar, M/s. Gangjees Associates.
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 I.D 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 concerning "Special Business" to be transacted at the 23rd Annual General Meeting of the Company to be held on 28th September 2006.

The approval of the members will be sought for:

INCREASE IN AUTHORIZED CAPITAL

The Company presently has an authorized share capital of Rs. 700,000,000 divided into 140,000,000 ordinary shares of Rs. 5 each of which 122,907,752 ordinary shares are fully subscribed and paid.

In order to facilitate future increase in the paid up capital, the Board of Directors of the Company have recommended that the authorized share capital of the Company should be raised to Rs. 900,000,000 divided into 180,000,000 ordinary shares of Rs. 5 each by the creation of a further 40,000,000 ordinary shares of Rs. 5 each. For this purpose the Board of Directors have also recommended that the resolution set forth at item (1) under the heading of special business of the notice convening the 23rd Annual General Meeting of the Company should be passed as a Special Resolution. That resolution increases the Authorized Share Capital of the Company in the manner stated above and makes the required consequential changes in Clause V of the Memorandum of Association of the Company.

The directors of Golden Arrow Selected Stocks Fund Ltd. and their relatives have no interest in the above business directly or indirectly except to the extent of their shareholding in the company.



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 audited accounts of the Fund for the financial year ended 30th June 2006.

Investment Strategy

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

Fund's Financial Performance

This year the fund demonstrated its out performance once again. The Fund has posted a net profit after tax of PkR 264.63 mn (EPS PkR 2.84) for FY06, up 46.3% from last year's profit of PkR 180.86 mn (EPS PkR 2.70). The NAV of the fund has declined from 8.92 last year to 7.88 for this year. NAV and EPS were impacted by the dilution effect of the 75% rights issue in February '06. The profit after tax includes PkR 322.24mn in capital gains, PkR 34.3mn in dividend income and diminution on remeasurement of investments of PkR 79mn.

Market Performance vs. Fund Performance

2005/06 was a healthy year for the Pakistani capital markets. The KSE100 index started the year at 7450 and gained 34% during the year, closing at 9989. GASSFL outperformed the index significantly by returning 46% during the same period.

Economy

On the economic front, the GDP grew at 6.6% during FY05/06. SBP adopted a monetary tightening stance to curb inflation. Inflation seems to be under control for FY06 at 7.92%, significantly lower than FY05 which stood at 9.28%. We will keep a close watch on the inflation data coming out as high oil prices could trigger another wave of inflationary trend.

Future Outlook

We are still cautiously optimistic on the future of the market and choose to stay long in selected sectors that can potentially show exceptional earnings growth. We expect the main drivers of the market to be sustained earnings growth, as well as the KSE gaining foreign investor interest as an undervalued emerging market offering exceptional double digit earnings growth, and the highest dividend yield of 5% p.a. in the region.

We shall strive to maintain our core investment strategy of buying fundamentally strong, under valued stocks, keeping a mix of high quality and growth in our investment portfolio. The strategy has helped us maximize our shareholder's returns and we believe that it will help us continue to perform exceptionally well in the years to come.

Payout to Shareholders

In their meeting on 7th August 2006, the board of directors announced a final cash dividend of PkR 0.50/share i.e. 10% of the face value of share. This brings the total dividend payout for the year to PkR 1.50/share.



Golden Arrow Selected Stocks Fund Limited

STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- 1) The financial statements, movement in equity and reserves, cash flow, prepared by the Management of the Company, present fairly its state of affairs and the results 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 judgment.
- 4) In preparation of financial statements, International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
- 5) The existing system of internal control and other procedures is being continuously reviewed by Internal Auditors. 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 Board meetings is as under:

S. No.	Name of Directors	Total No. of Meetings Held	Meetings Attended
1.	Mr. Ahmed Abdul Sattar	4	4
2.	Mr. Faisal Bengali	4	4
3.	Mr. Taufique Habib	4	4
4.	Miss Ayesha Aqeel Dhedhi	4	2
5.	Ms. Nausheen Rafiq Tumbi	4	2
6.	Miss Parveen Akhter Malik (Nominee Director of SPIAICL)	4	2
7.	Mr. Mohammad Ali Yacoob	4	3

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

Traded By:	Purchases	Bonus & Right	Sales
(No. of Shares).....		
Chief Executive Mr. Faisal Bengali	80,000	153,150	-
Directors Mr. Taufique Habib	-	3,150	2,100
Mr. Ahmed Abdul Sattar	-	29,406	14,364
Miss Ayesha Aqeel Dhedhi	-	3,150	-
Ms. Nausheen Rafiq Tumbi	-	3,150	-
Mr. Mohammad Ali Yacoob	-	3,150	-
Company Secretary Mr. Muhammad Amin Hussain	48,000	-	-



Golden Arrow Selected Stocks Fund Limited

Ranking of Golden Arrow Selected Stocks Fund Limited

JCR-VIS has assessed the performance ranking of Golden Arrow Selected Stocks Fund Limited (GASFL) for the period December 31, 2005 at 'MFR 5-Star', very good performance' vis-à-vis other closed-end mutual funds. JCR-VIS has observed the improved performance of GASFL subsequent to takeover by the present management.

Pattern of shareholding

As annexed on Page 35 to 37

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

Karachi: August 7, 2006

Faisal Bengali
Chief Executive

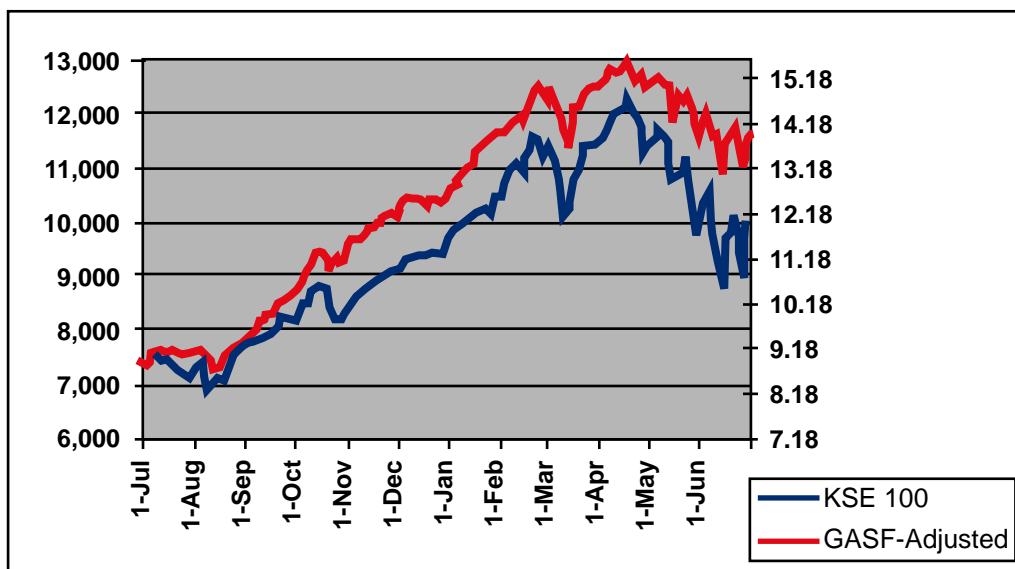


Golden Arrow Selected Stocks Fund Limited

FUND MANAGER'S REPORT

Fund Performance

The year 2005/06 proved to be a period of outstanding performance for Golden Arrow Selected Stocks Fund (GASSFL) and a period of out performance for investors of the fund. We are proud to announce that Golden Arrow Selected Stocks Fund Limited is one of the few funds that outperformed the KSE100 index by gaining 46% YoY (adjusted for payouts and right issues during the year) as compared to KSE100 index's return of 34% for the same period.



KSE100 vs. GASSFL (Dividend / Right issue adjusted)

The chart above provides a performance comparison between KSE100 index and GASSFL. The NAV of GASSFL has been adjusted for dividends and right issues paid out during the year.

Fund payouts during the year were as follows:

	Dividend (Rs/Share)	Right issue
Sep '05	2	Nil
Feb '06	1	75%

GASSFL directors approved a cash dividend of PkR2 (40% of face-value) in September '05, and announced a further cash dividend of PkR1 (20% of face-value) and a 75% right-issue in February '06.

GASSFL led the mutual fund industry in absolute returns and was awarded 5-stars rating by JCR-VIS credit rating agency, making it the only 5-star closed-end mutual fund to date.



Golden Arrow Selected Stocks Fund Limited

Market Performance

2005/06 was a healthy year for the Pakistani capital market. Starting the financial year at 7,450 on July 1st 2005, the index had a strong rally, hitting an all-time high of 12,274 (on closing basis) on 17th of April '06. It closed the year 34% up at 9,989. The market had a gradual rise this year as compared to the exponential appreciation of 2004/05 rally that led to March '05 crisis.

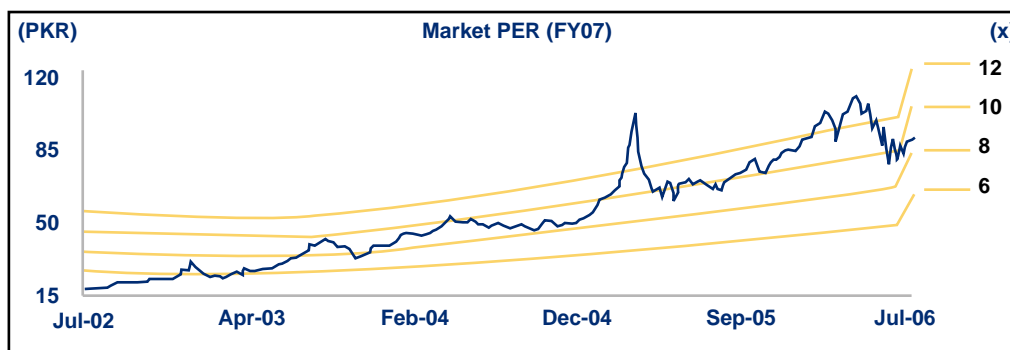
In hindsight, we see the market action of last year to be divided in 2 distinct phases:

- 1) August 05 ~ Mid April 06: Bull rally supported by strong fundamentals and earnings growth expectations.
- 2) Mid April 06 ~ June 06: Correction phase with index losing 19% of its value.

The bull rally was fuelled by strong earnings growth expectations (20% plus YoY), ahead of all regional and comparable markets. *Oil & Gas Exploration and Banking* sectors led the rally and had a significant impact on the index as both sectors are major index heavy weights. Earnings growth expectations in *Oil & Gas Exploration* were based on sky rocketing oil prices and volumetric growth. *Banking sector* benefited from deposit growth and growth in demand for consumer banking, both factors being the result of sustained GDP growth in the country during last 5 years. Other demand driven sectors like *Fertilizer, Cement and Automobile assemblers* also followed through in the rally, benefiting from demand growth and pricing power.

The correction phase this year was triggered by Fed rate hike that resulted in a global equities sell-off. Stumbling blocks faced in the privatizations of Pak American Fertilizer Ltd and Pakistan Steel Mills contributed to the negative sentiment by putting privatization commission's abilities in doubt. Over-leveraged positions and investors facing margin calls finally pushed the sell-off to unrealistic levels. After the decline, market followed its natural process of finding new trading levels and consolidating in a trading range.

From a valuation point of view, KSE100 traded within the *Price to Earnings (PE)* bands of 8x to 13x. The chart below provides a PER band view of the market movement and also shows the steady growth in valuation multiples of the index during the last 5 years.



(KSE100 index / Price to Earnings band graph)



Golden Arrow Selected Stocks Fund Limited

The market was still cheaper than other regional and comparative markets on PE valuation, while still offering higher dividend yield and earning growth. Following table provides a valuation comparison for regional markets vs. Pakistan's capital market at the end of the fiscal year 05/06.

Regional Market Valuation Comparison

June 30, 2006	EPS Growth(%)	PE(x)	PB(x)	ROE(%)	DY(%)
Pakistan	13.6	11.4	4.2	28.1	5.0
China	18.4	13.2	2.3	17.6	2.6
India	23.6	18.1	4.0	23.9	1.4
Indonesia	48.3	14.5	4.1	20.3	2.9
South Korea	-4.0	11.6	1.5	14.2	1.4
Thailand	3.7	10.3	3.2	20.2	4.3
Philippines	8.7	11.3	1.6	13.9	1.7

Source: Merrill Lynch Asia Investments (May 2006)

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

(Pakistan's Capital Market - In-depth Valuation Table)

June 30, 2006	FY04A	FY05A	FY06F	FY07F	FY08F
EPS (PKR)	5.30	6.93	8.60	10.41	11.65
EPS chg (%)	22.85	30.58	24.21	20.97	11.94
Price to Earnings (x)	16.60	12.72	10.24	8.46	7.56
Price to Book (x)	4.01	3.36	2.93	2.52	2.17
Price to CF (x)	11.23	9.84	8.42	7.10	6.12
Earnings Yield (%)	6.02	7.86	9.77	11.82	13.23
Dividend Yield (%)	3.75	4.89	5.35	5.79	6.39
Book Value per Share (PKR)	21.97	26.19	30.07	34.90	40.59
Return on Equity (%)	24.14	26.45	28.61	29.82	28.70
Return on Assets (%)	5.38	5.97	6.58	7.29	7.55
Chg in Sales (%)	11.30	25.72	21.60	16.23	12.75
Gross Margin (%)	28.70	29.27	30.00	30.32	30.47
Operating Margin (%)	20.42	21.28	22.37	23.13	23.66
Net Margin (%)	13.70	14.23	14.54	15.13	15.02
Payout (%)	62.33	62.20	54.79	48.98	48.33

Source: AKD Research - Stock Smart

Economy

The economy continued to grow at a robust pace of 6.6%YoY, albeit slower than last year's 8.4% owing to the headwinds of high international oil prices and the aftermath of the earthquake in October '05. Major contributors to this growth were the services and manufacturing sectors, growing at 8.8% and 8.6% respectively. Commodity producing sector grew by 4.3% and agricultural sector grew by 2.5%. Consumer spending remained buoyant and investors continue to take advantage of the robust subliminal strength of the economic fundamentals. Pakistan's economy has grown at an average rate of almost 7.0% per annum during the last four years (2002/03 ~ 2005/06) and over 7.5 percent in the last three years (2003/04 ~ 2005/06), thus positioning itself as one of the fastest growing economies of Asia. The robust growth of the last few years has significantly improved the per capita income of the sixth most populated economy of the world. As a result, going forward we continue to expect the domestic demand to be the key driver of real GDP growth. However, we feel that despite the recently disclosed record fiscal spending program, real GDP growth is likely to fall short of the 7% growth



Golden Arrow Selected Stocks Fund Limited

target owing to the tighter monetary policy by the central bank to curb internal and external imbalances. Looking at the underlying strength of aggregate demand Pakistan is likely to post real GDP growth above the 6% mark, which has a high correlation with the KSE100's earnings growth. With our 6% plus GDP growth expectations we expect the equity market to continue to produce its double digit earnings growth.

A view of the Fiscal Front:

The high pace of real GDP growth in the past few years has resulted in the over heating of the economy, which is evident from the high capacity utilization of major industries, (sugar, cement, fertilizer and autos to name a few) frequency of power outages and significant infrastructure bottlenecks. As a result, for Pakistan to continue on its robust growth trajectory the GoP had to address these infrastructure bottlenecks, which is why the GoP in its FY07 budget announced the largest Public Sector Development Program (PSDP) of PkR415bn, up 53%YoY. The budget targeted mainly the middle and lower income groups to address the growing disparity between "haves and have nots", however, we feel the real reason behind the budget was the upcoming election. With devolution in place, the fiscal delivery mechanism has a tangible improvement, furthermore with the additional incentive of the upcoming elections, we feel this year there will be a high utilization of the budget. However, the fiscal deficit target of 4.2% is still on the higher side and the risk of fiscal slippage can result in inflationary pressures and derail the nascent price equilibrium. Furthermore, we feel that the GoP in order to finance their fiscal deficits should diversify its sources of borrowing. It should improve and increase the issuance of long-term government paper, which should help create a credible yield curve and thus improve the depth of the debt market, improve the national savings and augment the saving-investment gap.

Monetary policy at a glance:

SBP has maintained a tight monetary stance since the release of the expansionary FY07 fiscal budget. SBP has introduced two important stimuli to the market to further anchor the economic stability, streamline external imbalances, reduce aggregate demand and contain inflation:

1) Effective 22nd July 2006, SBP has risen the Statutory Liquidity Requirement (SLR) requirements of commercial banks from 15% to 18%, thus appetite for government paper will remain robust, preventing yields from rising. SBP has also introduced separate Cash Reserve Requirement (CRR) on demand and time liabilities. Specifically, the CRR has been set at 7% (weekly average) raised by 2% from the previous 5%, of total demand liabilities.

2) The central bank in the Monetary Policy Statement (MPS) has raised the discount rate by 50bps to 9.5%, which will increase money market rates, while we do not expect any significant increase in 6 month T Bill rates. These tightening measures give us the confidence that the 6.5% inflation target set by the central bank for FY07 is fairly achievable. However, we feel that further tightening from here would create a hurdle for SBP's dual objective of achieving price stability and growth in the future. GoP should provide incentives to boost exports and try to curtail imports to ensure our external imbalances are in check. If there is a need for additional tightening, it will be a drag on the real economic growth, which is likely to fall short of the 7% growth target. However, even with our 6.4% growth expectation, the equity market is likely to continue with its historic performance.

Fund Activity

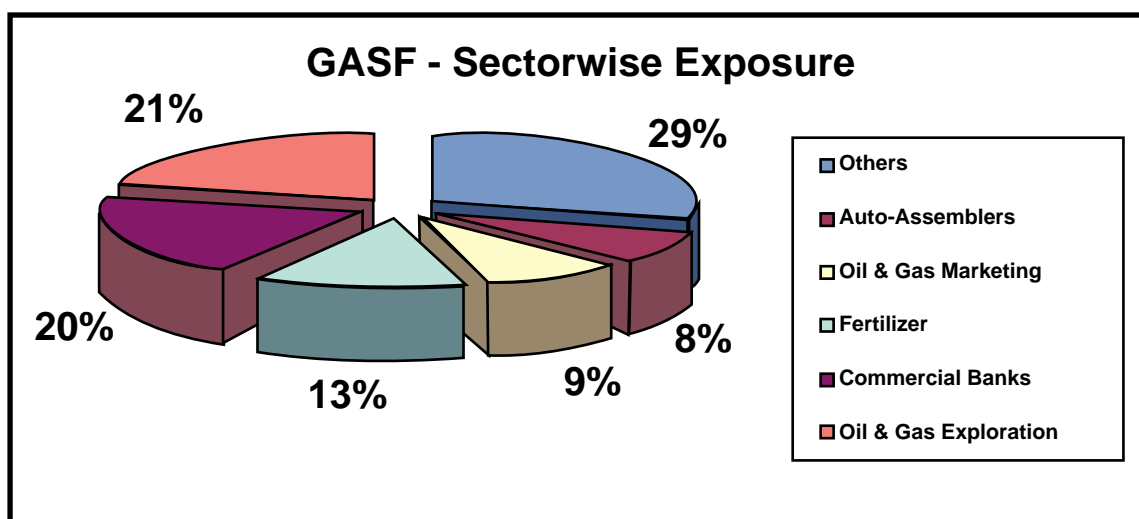
We follow a disciplined approach to fund management, under which we only buy fundamentally strong companies offering deep value, coupled with few cherry-picked growth companies. This strategy proved itself by helping us stay ahead of the index and the fund management industry. In the first phase of the bull rally, we took exposure in high growth sectors like Oil & Gas Exploration and Production, and upstart telecoms, while complementing this with conservative investments in Commercial banking sector and Fertilizer sector. The half yearly corporate results were inline with our expectations and we booked handsome profits on our investments in Telecom and Fertilizer sector. During the second half of the year, we chose to stick to our positions in Oil & Gas E&P sector, reduce exposure to Banking sector and built exposure in demand driven sectors like Autos and Cements. The KSE100 index moved according to our expectations till April 06 when the market finally started giving exhaustion signals despite still trading at attractive valuations. In response



Golden Arrow Selected Stocks Fund Limited

to the turn around, we reduced our aggressive positions in Cements and Autos, and increased our exposure to relatively conservative banking sector. In our view, the selling during May / June 06 was un-warranted as the stocks were trading at cheap valuations. Despite a declining market, we stuck to fundamentals and built positions during this period. Market sell-off during these months did have a negative impact on the fund, but we believe that as the positions built during this period are supported by strong fundamentals, they will snap back to realistic levels and provide a strong foundation to the fund in the coming year.

Following chart gives the sector-wise exposure of the fund's portfolio as it stands on 30th June 2006:



(GASF - Sectorwise Exposure (as of 30th June 06))

Future Outlook

Our future outlook on the market is cautiously positive. In our view, corporate earnings growth will be the driving force behind the market in medium to long term. We are expecting earnings growth of 19% for FY07 and will keep a close eye on earnings growth numbers for Q1FY07 results to give us further confidence in the sustainability of earnings growth. The risk to this thesis is a resurgence of inflation, rising oil prices, and current account deficit. Higher oil price will fuel current account deficit, while also hampering corporate growth. SBP has taken certain steps in the current budget and in its monetary policy to keep a check on inflation and internal and external imbalances. We believe that SBP is moving in the right direction and its policies will succeed in controlling inflation and stop economy from over heating. However, SBP's tight policies will take a toll on GDP growth and therefore we have lowered our GDP growth expectation to 6.4%, versus GoP's target of 7%. All these developments at macro/micro economic level will reflect on KSE100 and we expect the index to return 20% - 25% during FY07.

For now, we are accumulating under valued growth stocks that have the most to gain fundamentally from macro-economic growth in the future. All our efforts are focused on maximizing our shareholder's return.



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 and 43 of the listing regulations of the Karachi and Lahore Stock Exchanges, respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

- 1) The Company encourages representation of independent non-executive directors. At present the Board has 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) No casual vacancy occurring in the Board during the year.
- 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 Investment Adviser has already appointed Chief Financial Officer (CFO)/Company Secretary and Internal Auditor for the Company under its management including their remuneration and terms and condition of employment as determined by CEO.
- 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 once in every quarter during the year ended June 30, 2006. Written notices of the Board Meetings alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 10) The Directors have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance, Prudential Regulations, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the Company and the Funds and are aware of their duties and responsibilities.
- 11) The Directors' Report for the year ended June 30, 2006 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.



Golden Arrow Selected Stocks Fund Limited

- 13) The Directors, CEO, CFO, Company Secretary and their spouses and minor children neither executed any trade nor hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.
- 14) The Company has complied with all the corporate and financial reporting framework requirements of the Code.
- 15) The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors.
- 16) The meetings of the Audit Committee were held prior to approval of interim and final results of the company. The terms of reference of the committee have been framed, approved by the Board and advised to the committee for compliance.
- 17) 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.

For and on behalf of the Board

Karachi: August 7, 2006

Faisal Bengali
Chief Executive



Golden Arrow Selected Stocks Fund Limited

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Golden Arrow Selected Stocks Fund Limited, to comply with the Listing Regulation No. 37 (Chapter XI) and No. 43 (Chapter XIII) of Karachi and Lahore Stock Exchanges respectively 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, 2006.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi: August 7, 2006



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, 2006 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 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 3.2 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, 2006 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 that Ordinance.

Karachi: August 7, 2006

M. Yousuf Adil Saleem & Co.
Chartered Accountants



Golden Arrow Selected Stocks Fund Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2006

	Note	2006	2005
<i>(Rupees in '000')</i>			
ASSETS			
Bank balances	4	41,627	73,556
Receivable against sale of securities		-	14,484
Investment in marketable securities	5	956,672	548,147
Dividend receivable		5,983	1,141
Other receivables	6	7,686	1,640
Total assets		1,011,968	638,968
LIABILITIES			
Payable against purchase of securities		23,508	-
Remuneration payable to Investment Adviser	7	16,028	8,935
Accrued expenses and other liabilities	8	1,578	678
Unclaimed dividend	9	4,907	3,016
Total liabilities		46,021	12,629
NET ASSETS		965,947	626,339
SHARE CAPITAL AND RESERVES			
Authorized capital 140,000,000 ordinary shares of Rs. 5/- each		700,000	700,000
Issued, subscribed and paid up capital	10	614,539	351,165
General reserve		500	500
Unrealised appreciation in market value of securities classified as 'available for sale'		46,996	24,698
Unappropriated profit		303,912	249,976
		965,947	626,339

The annexed notes from 1 to 24 form an integral part of these financial statements.

Ahmed Abdul Sattar
Chairman

Faisal Bengali
Chief Executive



Golden Arrow Selected Stocks Fund Limited

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2006

	Note	2006 <i>(Rupees in '000')</i>	2005
INCOME			
Capital gain on sale of marketable securities	11	322,239	164,080
Dividend income		34,327	19,048
(Diminution)/unrealised appreciation on remeasurement of investments - net		(79,047)	8,335
Profit on term finance certificate		1,140	890
Profit on deposit account		9,943	1,773
Other income		100	37
		288,702	194,163
OPERATING EXPENSES			
Administrative	12	3,332	2,818
Remuneration to Investment Adviser	7	16,028	8,935
Annual fee to Securities & Exchange Commission of Pakistan	8.1	803	456
Securities transaction cost		3,894	-
Bank commission and charges	13	10	1,095
		24,067	13,304
Profit before taxation		264,635	180,859
Taxation	14	-	-
Profit for the year		264,635	180,859
Earnings per share (Rupees)	15	2.84	2.70

The annexed notes from 1 to 24 form an integral part of these financial statements.

Ahmed Abdul Sattar
Chairman

Faisal Bengali
Chief Executive



Golden Arrow Selected Stocks Fund Limited

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2006

	2006	2005
	<i>(Rupees in '000')</i>	
Balance of unappropriatd profit brought forward	249,976	106,805
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)
Final dividend for the year ended June 30, 2005 @ 40% (Rs.2 per share)	(140,466)	-
Interim dividend for the period ended December 31, 2005 @ 20% (Re.1 per share) distributed on April 17, 2006	(70,233)	-
Profit for the current year	264,635	180,859
Unappropriated profit at the end of the year	<u>303,912</u>	<u>249,976</u>

Proposed final dividend for the year ended June 30, 2006 has not been disclosed in the above statement (Refer notes to the account 9.1).

The annexed notes from 1 to 24 form an integral part of these financial statements.

Ahmed Abdul Sattar
Chairman

Faisal Bengali
Chief Executive



Golden Arrow Selected Stocks Fund Limited

STATEMENT OF MOVEMENT IN EQUITY AND RESERVES FOR THE YEAR ENDED JUNE 30, 2006

	<i>Share capital</i>	<i>General reserve</i>	<i>Unrealised appreciation in available for sale securities</i>	<i>Unappropriated profit</i>	<i>Net assets</i>	<i>Net assets per share</i>
	<i>Rupees in '000'</i>					<i>Rupees</i>
Balance as at June 30, 2004	100,502	500	-	106,805	207,807	1.69
Right issue	230,563	-	-	-	230,563	1.88
Bonus issue	20,100	-	-	(20,100)	-	-
Final dividend for the year ended June 30, 2004	-	-	-	(17,588)	(17,588)	(0.14)
Profit for the year						
Capital gain on sale of marketable securities	-	-	-	164,080	164,080	1.33
Unrealised appreciation on remeasurement of investments - net	-	-	-	8,335	8,335	0.07
Other income for the year - net of operating expenses and taxation	-	-	-	8,444	8,444	0.07
	-	-	-	180,859	180,859	1.47
Unrealised appreciation in available for sale securities	-	-	24,698	-	24,698	0.20
Balance as at June 30, 2005	351,165	500	24,698	249,976	626,339	5.10
Profit for the year						
Capital gain on sale of marketable securities (Diminution) on remeasurement on held for trading investment	-	-	-	322,239	322,239	2.62
Other income for the year - net of operating expenses and taxation	-	-	-	(79,047)	(79,047)	(0.64)
	-	-	-	21,443	21,443	0.17
	-	-	-	264,635	264,635	2.15
Unrealised appreciation in available for sale securities	-	-	22,298	-	22,298	0.18
Right issue	263,374	-	-	-	263,374	2.14
Final dividend for the year ended June 30, 2005	-	-	-	(140,466)	(140,466)	(1.14)
Interim dividend for the period ended December 31, 2005	-	-	-	(70,233)	(70,233)	(0.57)
Balance as at June 30, 2006	614,539	500	46,996	303,912	965,947	7.86

The annexed notes from 1 to 24 form an integral part of these financial statements.

Ahmed Abdul Sattar
Chairman

Faisal Bengali
Chief Executive



Golden Arrow Selected Stocks Fund Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2005

	2006	2005
	<i>(Rupees in '000')</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	264,635	180,859
Adjustment for non cash item:		
Diminution/(unrealised appreciation) on remeasurement of investments - net	79,047	(8,335)
	<u>343,682</u>	<u>172,524</u>
<i>(Increase) / decrease in assets</i>		
Receivable against sale of securities	14,484	(10,479)
Investment in marketable securities	(465,274)	(352,846)
Advance for purchase of securities	-	7,000
Dividend receivable	(4,842)	(913)
Other assets	(6,046)	(896)
	<u>(461,678)</u>	<u>(358,134)</u>
<i>Increase / (decrease) in liabilities</i>		
Payable against purchase of securities	23,508	(2,014)
Remuneration payable to Investment Adviser	7,093	5,368
Accrued expenses and other liabilities	900	193
	<u>31,501</u>	<u>3,547</u>
Cash used in operations	(86,495)	(182,063)
Tax paid	-	(214)
	<u>(86,495)</u>	<u>(182,277)</u>
<i>Net cash (used in) operating activities</i>		
	<u>(86,495)</u>	<u>(182,277)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(208,808)	(15,777)
Issue of right shares	263,374	230,563
	<u>54,566</u>	<u>214,786</u>
<i>Net cash generated from financing activities</i>		
	<u>54,566</u>	<u>214,786</u>
<i>Net (decrease) / increase in bank balances during the year</i>	(31,929)	32,509
<i>Bank balances at the beginning of the year</i>	73,556	41,047
<i>Bank balances at the end of the year</i>	<u>41,627</u>	<u>73,556</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Ahmed Abdul Sattar
Chairman

Faisal Bengali
Chief Executive



Golden Arrow Selected Stocks Fund Limited

NOTES TO THE ACCOUNTS - JUNE 30, 2006

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.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with requirements of Companies Ordinance, 1984, the Non Banking Finance Companies (Establishment and Regulation) Rules 2003 (NBFC), directives issued by the Securities and Exchange Commission of Pakistan (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.

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

Upto last year, investments classified as "held for trading" were measured at cost including transaction costs associated with the investments. International Accounting Standard - 39 (IAS 39) "Financial Instruments: Recognition and Measurement" has been revised and made effective on the financial statements beginning on or after January 01, 2005. According to the revision, held for trading investments are initially measured at fair value hence transaction costs are not to be included in carrying amount of the investments but charged as expenses. The management has, during the period, changed the accounting policy for initial measurement of held for trading investments to bring it in line with the IAS 39, therefore, corresponding information for the prior periods requires restatement. However, the prior period's financial data was collected in such a way that it does not allow retrospective application of the new accounting policy and it is impracticable to recreate the information. Therefore, the new accounting policy has been applied from the current year without restating prior period figures. There is no effect on un-appropriated profit upto last year because at each balance sheet date the investments were measured and carried at fair value. Subsequent to initial measurement each individual security is remeasured to fair value and the resultant gain/loss is taken to income statement.

Investments available for sale

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



Golden Arrow Selected Stocks Fund Limited

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 balance sheet except for TFC which are valued at cost plus accrued profit as at statement of assets and liabilities date. Changes in fair value of all available for sale investments are recognised in equity.

Held to maturity

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.

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 / derecognised.

Dividend income is recognised when the right to receive dividend is established.

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, dividend and profit receivable.

Financial Liabilities carried on the statement of assets and liabilities include remuneration payable to the investment adviser, payable against purchase of securities, accrued expenses, other liabilities and unclaimed dividend.



Golden Arrow Selected Stocks Fund Limited

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 and on purchase of held for trading investments. 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 Connected Person/Related party transactions

Related party transactions are stated at arm's length prices.

	2006 <i>(Rupees in '000')</i>	2005 <i>(Rupees in '000')</i>
4. BANK BALANCES		
In deposit account	36,683	70,493
In current accounts	4,944	3,063
	<u>41,627</u>	<u>73,556</u>
5. INVESTMENT IN MARKETABLE SECURITIES		
Held for trading (note 5.1)	857,187	421,022
Available for sale (note 5.2)	99,485	127,125
	<u>956,672</u>	<u>548,147</u>



Golden Arrow Selected Stocks Fund Limited

Name of investee	Number of Shares / Certificates				Balance as at June 30, 2006				Percentage in relation to				
	Opening balance	Purchases	Sales	Bonus/ Right issue	Closing balance	Cost (Rupees in '000')	Book value share/ certificate	Market value per share/ certificate	Market value (Rupees in '000')	Unrealised gain/(loss)	Total book value of Investment	Own net assets	Investee paid up capital (Face value)
Open -End Mutual Fund United Money Market Fund	-	682,061	682,061	-	-	-	-	-	-	-	-	-	-
Modarabas													
First Al-Noor Modaraba	127,500	-	41,500	-	86,000	727	6.60	568	(41)	0.07	0.06	0.41	
First Habib Bank Modaraba	50,763	-	263	-	50,500	547	9.30	470	(162)	0.07	0.05	0.13	
Guardian Modaraba	279,000	70,000	-	-	349,000	3,556	10.20	3,560	308	0.35	0.37	1.43	
Insurance													
Muslim Insurance Company Limited	-	2,000	2,000	-	-	-	-	-	-	-	-	-	-
Pakistan Reinsurance Company Limited	-	30,500	30,500	-	-	-	-	-	-	-	-	-	-
Investment Banks / Investment Companies / Sec. Companies													
Escorts Investment Bank Limited	237,500	-	242,725	5,225	-	-	-	-	-	-	-	-	-
First International Investment Bank Limited	77,398	211,000	2,000	-	286,398	4,468	16.50	4,726	334	0.47	0.49	0.68	
Jute													
Thal Limited	-	85,000	-	-	85,000	18,585	169.05	14,369	(4,216)	1.99	1.49	1.22	
Commercial Banks													
Allied Bank Limited	-	70,000	-	-	70,000	6,484	88.00	6,160	(324)	0.69	0.64	0.02	
Askari Commercial Bank Limited	-	375,000	250,000	-	125,000	9,775	77.55	9,694	(81)	1.04	1.00	0.06	
Bank Al Falah Limited	86,600	554,000	640,600	-	-	-	-	-	-	-	-	-	
Bank of Punjab Limited	-	1,300,000	550,000	-	750,000	64,447	82.70	62,025	(2,422)	6.88	6.42	0.26	
Faysal Bank Limited	180,000	-	198,000	18,000	-	-	-	-	-	-	-	-	
MCB Bank Limited	-	225,000	225,000	-	-	-	-	-	-	-	-	-	
National Bank of Pakistan	225,000	660,000	595,000	40,000	330,000	78,187	215.50	71,115	(7,072)	8.35	7.36	0.05	
United Bank Limited	-	704,000	576,300	-	127,700	18,114	137.75	17,591	(523)	1.93	1.82	0.02	
Union Bank Limited	-	350,000	380,000	30,000	-	-	-	-	-	-	-	-	
Engineering													
International Industries Limited	-	51,000	-	-	51,000	6,913	118.30	6,033	(879)	0.74	0.62	0.12	
Textile Spinning													
Gadon Textile Mills Limited	65,700	-	-	-	65,700	4,197	72.85	4,786	(601)	0.58	0.50	0.28	
Gulshan Spinning Mills Limited	100,075	-	39,000	-	61,075	812	16.50	1,008	(91)	0.12	0.10	0.48	
Indus Dyeing Limited	-	38,700	-	-	38,700	3,324	78.95	3,055	(269)	0.36	0.32	0.31	



Golden Arrow Selected Stocks Fund Limited

Name of investee	Number of Shares / Certificates				Balance as at June 30, 2006				Percentage in relation to				
	Opening balance	Purchases	Sales	Bonus/ Right issue	Closing balance	Cost (Rupees in '000')	Book value (Rupees in '000')	Market value per share/certificate	Market value (Rupees in '000')	Unrealised gain/(loss)	Total book value of Investment	Own net assets	Investee paid up capital (Face value)
Textile Composite													
Artistic Denim Mills Limited	-	67,800	47,900	-	19,900	4,437	4,437	225.00	4,478	40	0.47	0.46	0.14
Azgard Nine Limited	95,000	64,500	159,500	-	-	-	-	-	-	-	-	-	-
Gul Ahmed Textile Mills Limited	27,000	2,700	18,200	2,700	14,200	734	682	41.00	582	(99)	0.07	0.06	0.03
Ishaq Textile Mills Limited	57,500	-	57,500	-	-	-	-	-	-	-	-	-	-
Nishat (Chunian) Limited	105,000	-	105,000	-	-	-	-	-	-	-	-	-	-
Nishat Mills Limited	70,000	475,400	545,400	-	-	-	-	-	-	-	-	-	-
Suraj Cotton Mills Limited	104,500	41,500	-	-	146,000	5,203	6,885	37.90	5,533	(1,352)	0.74	0.57	0.81
Synthetics & Rayon													
Dewan Salman Fibre Limited	441,500	-	441,500	-	-	-	-	-	-	-	-	-	-
Sugar and Allied Industries													
J.D.W Sugar Mills Limited	-	64,400	-	-	64,400	6,305	6,305	84.50	5,442	(863)	0.67	0.56	0.25
Tandlianwala Sugar Mills Limited	-	403,000	67,500	-	335,500	6,038	6,038	16.35	5,485	(553)	0.64	0.57	0.48
Cement													
D.G.Khan Cement Company Limited	-	1,428,000	1,428,000	-	-	-	-	-	-	-	-	-	-
Dewan Cement Limited	-	419,000	419,000	-	-	-	-	-	-	-	-	-	-
Dewan Hattar Cement Limited (Saadi)	214,000	300,000	514,000	-	-	-	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-	-
Lucky Cement Limited	-	1,184,500	1,184,500	-	-	-	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	1,529,000	529,000	-	1,000,000	45,967	45,967	25.60	25,600	(20,367)	4.91	2.65	0.34
Fecto Cement Limited	-	229,000	-	-	229,000	14,198	14,198	55.00	12,595	(1,603)	1.52	1.30	0.50
Refinery													
National Refinery Limited	27,500	-	27,500	-	-	-	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	17,800	12,800	2,500	7,500	2,153	2,153	213.90	1,604	(549)	0.23	0.17	0.03
Power Generation & Distribution													
Hub Power Company Limited	405,500	-	405,500	-	-	-	-	-	-	-	-	-	-
Kot Addu Power Limited	498,100	150,000	50,000	-	598,100	25,607	23,389	42.10	25,180	1,791	2.50	2.61	0.07
Oil and Gas Marketing Companies													
Pakistan State Oil Company Limited	30,000	175,000	140,000	-	65,000	19,655	19,860	309.00	20,085	225	2.12	2.08	0.04
Shell Pakistan Limited	9,000	8,200	20,200	3,000	-	-	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	1,282,300	854,000	-	428,300	43,659	43,659	100.00	102,709	(829)	4.66	4.43	0.09
Sui Southern Gas Company Limited	225,000	1,445,000	950,000	-	720,000	5,174	24,686	28.90	20,808	(3,878)	2.64	2.15	0.11



Golden Arrow Selected Stocks Fund Limited

5.1 MARKETABLE SECURITIES-HELD FOR TRADING (Face value of Rs. 10/- each unless otherwise stated)													
Name of investee	Number of Shares / Certificates					Balance as at June 30, 2006				Percentage in relation to			
	Opening balance	Purchases	Sales	Bonus/ Right issue	Closing balance	Cost (Rupees in '000')	Book value (Rupees in '000')	Market value per share/certificate	Market value (Rupees in '000')	Unrealised gain/(loss)	Total book value of Investment	Own net assets	Investee paid up capital (Face value)
Oil and Gas Exploration Companies													
Oil and Gas Development Company Limited	400,000	1,935,000	1,675,000	-	660,000	42,380	102,709	136.75	90,255	(12,454)	10.97	9.34	0.02
Pakistan Oilfields Limited	150,000	255,000	382,500	67,500	90,000	30,047	30,023	334.80	30,132	109	3.21	3.12	0.05
Pakistan Petroleum Limited	160,000	650,000	435,000	-	375,000	93,462	93,457	211.85	79,444	(14,013)	9.98	8.22	0.05
Automobile Assembler													
Al-Ghazi Tractor Limited (face value Rs.5/-)	22,000	25,700	-	-	47,700	8,931	8,968	204.00	9,731	763	0.96	1.01	0.11
Indus Motor Company Limited	183,300	500	30,000	-	153,800	16,214	13,875	191.00	29,376	15,501	1.48	3.04	0.20
Pak Suzuki Motor Company Limited	52,800	58,700	-	-	111,500	20,304	18,871	313.00	34,900	16,028	2.02	3.61	0.21
Automobile Parts and Accessories													
Agriauto Industries Limited (face value Rs.5/-)	200,000	-	200,000	-	-	-	-	-	-	-	-	-	-
Cable and Electrical Goods													
Pak Elektron Limited	-	193,000	208,000	15,000	-	-	-	-	-	-	-	-	-
Transport													
Pakistan International Airlines Corporation (A)	-	800,000	800,000	-	-	-	-	-	-	-	-	-	-
Pakistan International Containers Limited	-	43,500	43,500	-	-	-	-	-	-	-	-	-	-
Pakistan National Shipping Corporation Limited	100,000	25,000	-	10,000	135,000	7,983	12,847	63.10	8,519	(4,329)	1.37	0.88	0.10
Technology and Communication													
Callmate Telips Telecom Limited	601,000	-	674,000	73,000	-	-	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	250,000	1,748,300	950,000	-	1,048,300	60,966	60,966	40.60	42,561	(18,405)	6.51	4.41	0.03
Southern Network Limited	150,000	-	-	-	150,000	1,404	1,283	4.90	735	(548)	0.14	0.08	0.30
Pak DataCom Limited	-	64,000	20,000	-	44,000	3,388	3,388	75.00	3,300	(88)	0.36	0.34	0.62
Fertilizers													
Engro Chemicals Pakistan Limited	123,200	375,000	308,200	7,500	197,500	35,844	35,553	169.40	33,457	(2,096)	3.80	3.46	0.13
Fauji Fertilizer Company Limited	173,305	478,499	270,381	37,077	418,500	19,324	54,484	121.00	50,639	(3,845)	5.82	5.24	0.08
Fauji Fertilizer Bin Qasim Limited	-	1,097,000	350,000	-	747,000	31,218	31,218	29.25	21,850	(9,368)	3.33	2.26	0.08
Pharmaceutical													
GlaxoSmithKline (Pakistan) Limited	31,500	-	6,500	6,250	31,250	4,583	4,397	176.00	5,500	1,103	0.47	0.57	0.03
Wyeth Pakistan Limited (Face value Rs. 100)	1,700	-	1,700	-	-	-	-	-	-	-	-	-	-



Golden Arrow Selected Stocks Fund Limited

Name of investee	Number of Shares / Certificates						Balance as at June 30, 2006				Percentage in relation to			
	Opening balance	Purchases	Sales	Bonus/ Right issue	Closing balance		Cost (Rupees in '000')	Book value (Rupees in '000')	Market value per share/certificate	Market value (Rupees in '000')	Unrealised gain/(loss)	Total book value of Investment	Own net assets	Investee paid up capital (Face value)
Chemicals														
ICI Pakistan Limited	162,700	280,900	443,600	-	-	-	-	-	-	-	-	-	-	-
Paper and Board														
Century Paper	-	200,000	-	-	200,000	-	11,600	48.45	9,690	(1,910)	1.24	1.00	0.62	
Packages Limited	51,538	7,400	25,000	-	33,938	-	3,755	209.35	7,105	2,335	0.51	0.74	0.05	
Food and Personal Care Products														
Treet Corporation Limited	14,983	-	-	-	14,983	-	1,835	234.00	3,506	(2,412)	0.63	0.36	0.36	
Tri-Pack Films Limited	-	205,000	-	-	205,000	-	13,051	52.05	10,670	(2,381)	1.39	1.10	0.68	
Unilever Pakistan Limited (face value Rs.50/-)	-	3,400	-	-	3,400	-	6,261	1,900.00	6,460	199	0.67	0.67	0.03	
Glass and Ceramics														
Tariq Glass Industries Limited	-	102,000	-	-	102,000	-	3,142	39.00	3,978	836	0.34	0.41	0.93	
Suspended / Delisted Companies														
Central Cotton Mills Limited	6,024	-	-	-	6,024	-	1	-	-	-	-	-	-	-
Sunshine Cloth Mills Limited	15,500	-	-	-	15,500	-	1	-	-	-	-	-	-	-
June 30, 2006 Rupees in '000'							875,287	936,234	857,187	(79,047)				
June 30, 2005 Rupees in '000'							400,074	412,688	421,022	8,335				



Golden Arrow Selected Stocks Fund Limited

5.2 MARKETABLE SECURITIES-AVAILABLE FOR SALE (Face value of Rs. 10/- each unless otherwise stated)													
Name of investee	Number of Shares / Certificates					Balance as at June 30, 2006				Percentage in relation to			
	Opening balance	Purchases	Sales	Bonus/ Right issue	Closing balance	Cost (Rupees in '000')	Book value (Rupees in '000')	Market value per share/certificate	Market value (Rupees in '000')	Unrealised gain/(loss)	Total book value of Investment	Own net assets	Investee paid up capital/ TFC
Leasing Companies Security Leasing Corp.(Preference)	3,000,000	-	-	-	3,000,000	30,504	30,000	9.10	27,300	(2,700)	38.87	2.83	12.40
Commercial Banks Faysal Bank Limited	330,000	-	379,500	49,500	-	-	-	-	-	-	-	-	-
National Bank of Pakistan Limited	360,000	-	260,000	20,000	120,000	6,121	10,795	215.50	25,860	15,065	13.99	2.68	0.02
Cable and Electrical Goods Siemens Engineering Limited	16,000	-	3,500	-	12,500	7,318	8,563	1,180.00	14,750	6,188	11.09	1.53	0.16
Fertilizer Fauji Fertilizer Company Limited	132,250	-	17,919	35,046	149,377	10,375	14,330	121.00	18,075	3,745	18.56	1.87	0.03
Textile Composite Chenab Limited	-	100,000	100,000	-	-	-	-	-	-	-	-	-	-
Term Finance Certificates (Face value of Rs. 5,000/- each)	1,400	-	-	-	1,400	7,000	7,000	** 5,000	7,000	-	9.07	0.72	*1.40
Jahangir Siddiqui & Co. Limited	1,300	-	-	-	1,300	6,500	6,500	** 5,000	6,500	-	8.42	0.67	*0.26
United Bank Limited													
June 30, 2006 Rupees in '000'						67,818	77,187		99,485	22,298			
June 30, 2005 Rupees in '000'						102,427	102,427		127,125	24,698			

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

** This figure represents cost per certificate.



Golden Arrow Selected Stocks Fund Limited

	<i>Note</i>	2006 <i>(Rupees in '000')</i>	2005 <i>(Rupees in '000')</i>
6 OTHER RECEIVABLES			
Profit receivable on bank deposit		7,027	986
Advance refundable		427	427
Profit receivable on term finance certificates		232	227
		<u>7,686</u>	<u>1,640</u>
7. REMUNERATION PAYABLE TO INVESTMENT ADVISER			
The remuneration of the Investment Adviser has been determined at the rate of 2 percent of average monthly net assets of the company, in accordance with Rule 53 of the NBFC Rules.			
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Annual fee payable to SECP	8.1	1,258	456
Annual fee payable to MUFAP		80	-
Custodian fee		60	22
Auditors' remuneration		135	135
Central Depository Company charges		-	20
Unclaimed amount due to shareholders on reduction of capital		45	45
		<u>1,578</u>	<u>678</u>
8.1 Annual fee to SECP has been determined at the rate of one tenth of one percent of average monthly net assets of the Company in terms of Rule 54 of the NBFC Rules.			
9. DIVIDEND			
Unclaimed dividend		4,907	3,016
Final dividend	9.1	<u>-</u>	<u>-</u>
		<u>4,907</u>	<u>3,016</u>
9.1 The Board of Directors of the Company in its meeting held on August 07, 2006 has recommended a final cash dividend for the year ended June 30, 2006 of Rs. 0.50 per share i.e. 10%, amounting to Rs. 61,453,900. These financial statements do not reflect the appropriation of the dividend.			



Golden Arrow Selected Stocks Fund Limited

10. ISSUED, SUBSCRIBED & PAID UP CAPITAL

2006 <i>No. of shares</i>	2005 <i>No. of shares</i>	<i>Fully paid ordinary shares of Rs. 5/- each</i>	2006 <i>(Rupees in '000')</i>	2005 <i>(Rupees in '000')</i>
110,591,592	57,916,842	Issued for cash	552,958	289,584
12,316,160	12,316,160	Issued as bonus shares	61,581	61,581
<u>122,907,752</u>	<u>70,233,002</u>		<u>614,539</u>	<u>351,165</u>

	<i>No. of shares</i>	
10.1 Opening balance of fully paid ordinary shares	70,233,002	57,916,842
Right shares issued during the year	52,674,750	-
Bonus shares issued during the year	-	12,316,160
Closing balance as at June 30	<u>122,907,752</u>	<u>70,233,002</u>

10.2 The associated company holds shares as follows:

AKD Investment Management Limited	14,921,533	8,526,590
Aqeel Karim Dhedhi Securities (Private) Limited	35,689,644	20,394,082
	<u>50,611,177</u>	<u>28,920,672</u>

11. CAPITAL GAIN ON SALE OF MARKETABLE SECURITIES

	<i>Note</i>	2006 <i>(Rupees in '000')</i>	2005 <i>(Rupees in '000')</i>
Opening value of securities		548,147	162,268
Purchases		2,213,535	2,095,096
		<u>2,761,682</u>	<u>2,257,364</u>
Closing value of securities		(1,013,421)	(515,114)
		<u>1,748,261</u>	<u>1,742,250</u>
Sale of marketable securities		2,070,500	1,906,330
		<u>322,239</u>	<u>164,080</u>

12. ADMINISTRATIVE EXPENSES

Custodian fee		638	410
Listing fee		607	709
Auditors' remuneration	12.1	165	150
Legal and professional charges		189	197
Central Depository Company of Pakistan charges		867	772
Directors' meeting fee		40	50
Fees and subscription		826	530
		<u>3,332</u>	<u>2,818</u>



Golden Arrow Selected Stocks Fund Limited

	<i>Note</i>	2006 <i>(Rupees in '000')</i>	2005
12.1 Auditors' remuneration			
Annual statutory audit fee		100	100
Half yearly review fee		25	25
Fee for review of statement of compliance of code of corporate governance		15	15
Other certifications		15	-
Out of pocket expenses		10	10
		<u>165</u>	<u>150</u>
13. BANK COMMISSION AND CHARGES			
Bank commission on right issue		-	1,052
Bank charges		10	43
		<u>10</u>	<u>1,095</u>
14. TAXATION			
<p>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.</p> <p>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.</p>			
15. EARNINGS PER SHARE			
Profit for the year after taxation		<u>264,635</u>	<u>180,859</u>
		<i>Number of shares (in '000')</i>	
Weighted average number of shares		<u>93,109</u>	<u>66,985</u>
		<i>(Rupees)</i>	
Basic earnings per share		<u>2.84</u>	<u>2.70</u>
<p>There is no effect of dilution on the earnings per share computed above.</p>			
16. TRANSACTIONS WITH RELATED PARTIES			
AKD Investment Management Limited (associated company)			
Remuneration to Investment Adviser	7	<u>16,028</u>	<u>8,935</u>
Aqeel Karim Dhedhi Securities (Pvt) Limited (associated company)			
Sales of marketable securities		<u>84,158</u>	<u>351,645</u>
Purchases of marketable securities		<u>176,385</u>	<u>191,589</u>
Commission paid on sale / purchase of securities		<u>353</u>	<u>633</u>



Golden Arrow Selected Stocks Fund Limited

17. 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.

18. 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.

18.1 MARK-UP/ INTEREST RATE RISK EXPOSURE

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 Assests	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		2006	2005
.....Rupees in '000'.....						
Bank balances	6.5-11.25%	36,683	-	4,944	41,627	73,556
Receivable against marketable securities		-	-	-	-	14,484
Investment in marketable securities	8.29%-8.45%	-	13,500	943,172	956,672	548,147
Dividend receivable		-	-	5,983	5,983	1,141
Other assets		-	-	7,259	7,259	1,213
		36,683	13,500	961,358	1,011,541	638,541
Financial Liabilities						
Payable against purchase of securities		-	-	23,508	23,508	-
Remuneration payable to Investment Adviser		-	-	16,028	16,028	8,935
Accrued expenses and other liabilities		-	-	1,578	1,578	678
Unclaimed dividend		-	-	4,907	4,907	3,016
		-	-	46,021	46,021	12,629
On-balance sheet gap - 2006		36,683	13,500	915,337	965,520	625,912
On-balance sheet gap - 2005		70,493	13,500	541,919	625,912	

19. 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.



Golden Arrow Selected Stocks Fund Limited

20. 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 counterparties thereby mitigating any significant concentration of credit risk.

21. 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.

22. PERFORMANCE TABLE

	<i>Net assets</i>		<i>Earnings</i>	<i>*Distribution</i>	
	<i>'000'</i>	<i>Rupees per share</i>	<i>per share</i>	<i>Dividend</i>	<i>Bonus</i>
2006	965,947	7.86	2.84	30%	-
2005	626,339	8.92	2.70	40%	-
2004	207,807	2.96	3.32	17.5%	20%
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	-	-

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

23. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on August 07, 2006 by the Board of Directors of the Company.

24. FIGURES

Figures have been rounded off to the nearest thousand rupees.

Ahmed Abdul Sattar
Chairman

Faisal Bengali
Chief Executive



Golden Arrow Selected Stocks Fund Limited

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2006

NO OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
643	1	100	36,130	0.03
1327	101	500	361,453	0.29
738	501	1,000	602,591	0.49
1741	1,001	5,000	4,627,307	3.76
579	5,001	10,000	4,366,560	3.55
228	10,001	15,000	2,818,572	2.29
148	15,001	20,000	2,670,195	2.17
81	20,001	25,000	1,827,826	1.49
64	25,001	30,000	1,752,508	1.43
41	30,001	35,000	1,374,733	1.12
39	35,001	40,000	1,454,185	1.18
23	40,001	45,000	989,584	0.81
31	45,001	50,000	1,512,800	1.23
26	50,001	55,000	1,359,531	1.11
15	55,001	60,000	873,797	0.71
13	60,001	65,000	813,098	0.66
11	65,001	70,000	758,679	0.62
8	70,001	75,000	585,670	0.48
6	75,001	80,000	468,698	0.38
4	80,001	85,000	333,107	0.27
11	85,001	90,000	961,670	0.78
3	90,001	95,000	279,073	0.23
11	95,001	100,000	1,095,550	0.89
3	100,001	105,000	313,168	0.25
5	105,001	110,000	545,782	0.44
4	110,001	115,000	448,232	0.36
3	115,001	120,000	357,780	0.29
2	120,001	125,000	247,105	0.20
2	130,001	135,000	265,250	0.22
1	135,001	140,000	140,000	0.11
4	145,001	150,000	599,651	0.49
2	150,001	155,000	306,982	0.25
3	155,001	160,000	473,551	0.39
6	170,001	175,000	1,047,200	0.85
1	175,001	180,000	176,750	0.14
2	180,001	185,000	368,750	0.30
1	185,001	190,000	185,715	0.15
1	190,001	195,000	192,065	0.16
1	195,001	200,000	199,412	0.16
1	205,001	210,000	208,500	0.17
1	210,001	215,000	212,875	0.17
1	230,001	235,000	231,500	0.19
1	240,001	245,000	241,264	0.20
3	245,001	250,000	748,150	0.61
2	250,001	255,000	504,125	0.41
1	255,001	260,000	260,000	0.21
1	260,001	265,000	261,517	0.21
1	270,001	275,000	274,600	0.22
1	275,001	280,000	275,110	0.22
2	295,001	300,000	595,575	0.48
1	305,001	310,000	308,875	0.25
1	310,001	315,000	313,730	0.26
1	330,001	335,000	334,500	0.27
1	350,001	355,000	352,838	0.29
1	360,001	365,000	364,425	0.30
1	370,001	375,000	371,875	0.30
1	380,001	385,000	381,250	0.31
1	385,001	390,000	390,000	0.32
2	390,001	395,000	786,181	0.64
1	405,001	410,000	407,500	0.33
1	435,001	440,000	437,350	0.36
1	460,001	465,000	462,500	0.38
1	475,001	480,000	476,875	0.39
1	515,001	520,000	520,000	0.42
1	545,001	550,000	546,250	0.44
1	630,001	635,000	633,700	0.52
1	650,001	655,000	654,972	0.53
1	655,001	660,000	658,250	0.54
1	710,001	715,000	710,125	0.58
1	765,001	770,000	767,000	0.62
1	785,001	790,000	786,500	0.64
1	870,001	875,000	875,000	0.71
1	1,455,001	1,460,000	1,457,340	1.19
1	1,995,001	2,000,000	1,999,104	1.63
1	4,695,001	4,700,000	4,696,900	3.82
1	10,995,001	11,000,000	10,999,686	8.95
1	14,920,001	14,925,000	14,921,532	12.14
1	35,685,001	35,690,000	35,689,568	29.04
<u>5876</u>			<u>122,907,752</u>	<u>100.00</u>



Golden Arrow Selected Stocks Fund Limited

CATEGORIES OF SHAREHOLDERS AS AT 30 JUNE 2006

PARTICULARS	SHAREHOLDERS	SHARESHOLDING	PERCENTAGE
Individuals	5760	59,408,736	48.34
Investment Companies	3	15,045,274	12.24
Insurance Companies	3	177,636	0.14
Joint Stock Companies	85	45,312,509	36.87
Financial Institutions	8	1,387,457	1.13
Modaraba Companies	6	28,396	0.02
Others	11	1,547,744	1.26
	5876	122,907,752	100.00



Golden Arrow Selected Stocks Fund Limited

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE AS AT 30 JUNE 2006

PARTICULARS	SHARES HELD	PERCENTAGE
<u>Associated Companies, Undertakings and Related Parties</u>		
AKD Investment Management Ltd.	14,921,532	12.14
Aqeel Karim Dhedhi Securities (Pvt.) Ltd.	35,689,568	29.04
NIT	16,224	0.01
ICP	123,742	0.10
<u>Directors, Chief Executive & their spouses and minor children</u>		
Mr. Ahmed Abdul Sattar	54,250	-
Mr. Faisal Bengali	437,350	-
Mr. Taufique Habib	5,250	-
Mr. Muhammad Ali Yacoob	7,350	-
Miss Ayesha Aqeel Dhedhi	7,350	-
Ms. Nausheen Rafiq Tumbi	7,350	-
Miss Parveen Akhtar Malik	-	-
Executives	-	-
Public Sector Companies and Corporations	150,120	0.12
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	2,427,982	1.98
Individuals	58,889,836	47.92
Others	10,169,848	8.27
Shareholders holding 10% or more other than associated companies and Directors	-	-
Total	122,907,752	100.00



Golden Arrow Selected Stocks Fund Limited

STATEMENT OF INCOME & EXPENDITURE IN RELATION
TO THE INVESTMENT COMPANY
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	<i>..... (Rupees in '000')</i>	
INCOME		
Remuneration from Golden Arrow Selected Stocks Fund Limited	16,028	8,935
Dividend Income	25,580	-
	41,608	8,935
Operating Expenses:		
Staff salaries & benefits	6,870	6,571
Travelling and conveyance	246	231
Electricity	181	223
Telephone	236	239
Postage	290	215
Printing and stationery expenses	476	513
Insurance	83	50
Advertising	396	179
Entertainment	160	68
Miscellaneous expenses	52	132
Computer expense	5	6
Legal and professional charges	202	562
Stamps & duties	-	191
Seminar and others	16	37
Fee and subscription	397	195
SECP (Licence fee)	54	25
Credit Rating Fee	84	-
Repair & Maintenance	129	56
Vehicles running expenses	330	153
Amortization of deferred expenditure	333	154
Auditors' remuneration	181	40
Lease rental	513	572
Office Rent	270	-
Depreciation	1,017	405
Financial Charges	161	-
	12,682	10,817
PROFIT / (LOSS) FOR THE YEAR	<u>28,926</u>	<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 Goldern 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 Third Annual General Meeting of the Company to
be held on 28th September, 2006 and / or any adjournment thereof.

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

Singned 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.





**AKD Investment
Management Ltd**

606, Continental Trade Centre, Block 8, Clifton, Karachi
U.A.N. : 92-21-111-AKDIML (111-253-465) Fax : 92 21 5373217
E-mail: info@akdinvestment.com Website: www.akdinvestment.com