

Golden Arrow

SELECTED STOCKS FUND LIMITED

ANNUAL REPORT 1997

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BOARD OF DIRECTORS

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

INVESTMENT ADVISER

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

CUSTODIAN

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

AUDITORS

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

LEGAL ADVISER

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

REGISTERED OFFICE

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

NOTICE OF MEETING

Notice is hereby given that the Fourteenth Annual General Meeting of Golden Arrow Selected Stocks Fund Limited will be held on Monday, 22nd December, 1997 at 12:00 noon at Hotel Plaza International, Karachi to transact the following business:-

To confirm the Minutes of the Annual General Meeting held on 24th December, 1996.

To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Report for the year ended 30th June, 1997.

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

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

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 16th December, 1997 to 22nd December, 1997 (both days inclusive).

3. The Shareholders are advised to notify M/s. THK Associates (Pvt) Ltd., Ground Floor. Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi, shares registrar of the company, of any change in their addresses to ensure prompt delivery of mails. Any shares for transfers etc. should also be lodged with the shares registrar, M/s. THK Associates (Pvt) Ltd.

DIRECTORS' REPORT

MARKET BEHAVIOUR

The fiscal year of 1996-97 can best be described as a period of turmoil and change. The first half of this year was marked by extreme tension on the political front as well as by the structural weaknesses of the economy which were starkly exposed and became all too apparent. The huge balance of payment deficit and heavy debt servicing of foreign debts led to periodic devaluation of the Rupee. A precarious reserve of foreign exchange, falling low enough to cause default to look a distinctive possibility and a continued tussle with international donor agencies particularly IMF over the stand-by loan facility further compounded the position. Bad debts mounted in the banking sector and industrial growth slowed down. The budget and trade deficit ballooned during the period characterized by uncertainty and instability.

Capital Markets of the country, in line with the economy, performed poorly. KSE-100 index plunged to its lowest level of 1332 during this period, losing almost four hundred points from June, 96 closing. Although it also went as high as 1775 but such occasional boost in the market proved quite short lived. Such mushroom like rallies further intensified the precarious condition of the market. The federal budget of 96-97 gave a harsh blow to the already shattered confidence of investors. It was soon followed by the mini-budget in October, which brought additional taxes worth Rs.40 billion. An appeal was made to the Government in order to avert the crash, in the stock market, feared by many. Some remedial measures were taken urgently but the fundamental problems continued to prevail. Growing internal political troubles, violence all across the country, rampaging corruption and complete lack of leadership, at last, culminated in dissolution of assemblies and the Government at the centre and the provinces. Business community, hailed president's step and responded favourably. But the buoyancy in the stock market proved to be quite short lived. Particularly, because international rating agency of Moody down graded Pakistan due to failing economy. The caretaker government, in its effort to bring some kind of stability in the economy of the country, took various initiatives and announced relief packages to various industries including stock market and Textile sector. Despite these encouraging factors, market on the whole, kept losing ground on stronger depressants. Apart from occasional genuine buying in few selective issues, market at large suffered from prolonged dullness, particularly in agro-

based sectors and market behaviour became more volatile and erratic. Thus KSE-100 Index experienced a fall of almost 140 points, from 1703.28 of June, 96 to 1565.73 of June, 97. Against this back drop, the performance of an investment portfolio such as ours, which largely depends on market conditions supported by economic development, particularly sectors like textile and modarabas, could only be expected to suffer. However, shareholders will find this year's results slightly better than the last.

OPERATIONAL RESULTS

The Company's net income before tax for the year ending June 30, 1997 was Rs. 3.5 million as against the loss of Rs. 12.4 million in the corresponding period. The directors have regretfully passed over dividend payment for the year under report. There has been no material change in the net asset value of your company, since the balance sheet date.

FUTURE OUTLOOK

Although the newly elected Government has inherited the legacy of runaway inflation, worsening balance of payment and crushing burden of foreign and local debt but with the renewal of national spirit and growing optimism, the policies taken so far seem to be in the right direction. The new government, in line with their commitments to economic revival, has announced quite a few comprehensive reform packages for various industries and sectors according to the need and requirements. These packages could prove to be immensely beneficial and advantageous, provided they are implemented sincerely and with consistency. If the reaction of market participants, economists and businessmen are anything to go by, Pakistan's ravaged economy seems to be on the path to recovery. The stock market too, reacted strongly and there is a marked improvement in sentiments. With the induction of a new sense of direction and the economy's progress to consolidation, as a first step, we believe that success can be attained with continued diligent efforts. The performance of your company could only improve with revival in the country's economic conditions. As activity on the economic front is picking up, let us hope that it will be reflected, favourably in your company's portfolio. The outlook, therefore, appears to be hopeful.

ACKNOWLEDGMENTS

The Directors would like to take this opportunity of thanking the Corporate Law Authority and Ministry of Finance for their support to the Company.

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

PATTERN OF SHAREHOLDING AS AT 30TH JUNE 1997

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
295	1	100	17,622	0.11
639	101	500	170,683	1.05
515	501	1000	413,940	2.55
1080	1001	5000	2,618.69	16.15
225	5001	10000	1,619,934	9.99
76	10001	15000	973,736	6.01
33	15001	20000	593,155	3.66
14	20001	25000	308,532	1.90
5	25001	30000	137,025	0.85
10	30001	35000	335,243	2.07
1	35001	40000	38,653	0.24
2	40001	45000	82,391	0.51
5	45001	55000	250,679	1.55
3	55001	60000	173,930	1.07
2	60001	65000	125,850	0.78
2	65001	75000	136,000	0.84
2	75001	80000	155,533	0.96
2	80001	90000	171,500	1.06
5	90001	105000	499,789	3.08
4	105001	180000	578,496	3.57
1	180001	190000	182,971	1.13
1	190001	215000	191,672	1.18

1	215001	240000	247,800	1.53
6	240001	580000	2,147,705	13.25
1	580001	1075000	587,732	3.63
1	1075001	1355000	1,306,740	8.06
1	1355001	2145000	2,144,000	13.22

2,932			16,210,000	100
=====				

CATEGORIES OF SHAREHOLDERS AS ON 30 JUNE 1997

Particulars	Shareholders	Shareholding	Percentage
Individuals	2,888	8,217,725	50.69
Insurance Companies	4	94,999	0.59
Joint Stock Companies	24	4,409,108	27.20
Financial Companies	8	2,815,555	17.37
Modaraba Companies	4	354,913	2.19
Leasing Companies	2	173,500	1.07
Non-Resident	1	2,000	0.01
Others	1	142,200	0.88

	2,932	16,210,000	100.00
=====			

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Golden Arrow Selected Stocks Fund Limited as at 30 June 1997 and the related Profit and Loss Account and Statement of Changes in Financial Position together with the notes to the accounts for the year then ended. Our examination was made in accordance with the generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances 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 purpose of our audit and we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984 and Rule 16 of the Investment Companies and Investment Adviser's Rules, 1971;

(b) in our opinion:

(i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and in accordance with the provisions of the Investment Companies and Investment Adviser's Rules, 1971 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied:

(ii) the expenditure during the year incurred was for the purpose of the Company's business;

(iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the investment policy of the company and Investment Companies and Investment Adviser's Rules, 1971;

(iv) the company has not contravened the provisions of Rule 8 of the Investment Companies and Investment Adviser's Rules, 1971'

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account and the Statement of Changes in Financial Position together with the notes forming part thereof give the information required by the Companies Ordinance, 1984 and Investment Companies and Investment Adviser's Rules, 1971 in the manners so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 1997 and of the

profit and changes in the financial position for the year ended on that date; and

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

BALANCE SHEET AS AT 30 JUNE 1997

	NOTE	1997 (Rupees '000)	1996
CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorised			
60,000,000 ordinary shares of Rs. 5/- each		300,000	300,000
		=====	=====
Issued, Subscribed and Paid-up			
16,210,000 Ordinary Shares of Rs. 5/- each	3	81,050	81,050
RESERVES			
Share premium		6,700	6,700
General reserve		500	500
Accumulated loss		(21,303)	(24,688)
		-----	-----
		(14,103)	(17,488)
		-----	-----
		66,947	63,562
Deferred expenditure payable	4	124	241
CURRENT LIABILITIES			
Due to shareholders on reduction of capital		45	45
Current maturity of deferred expenditure payable	4	116	193
Creditors and accrued expenses	5	48	460
Due to investment adviser - an associated company	6	694	679
Unclaimed dividend		322	324
Provision for taxation	7	150	97
		-----	-----
		1,375	1,798
		-----	-----
		68,446	65,601
		=====	=====

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

DEFERRED EXPENDITURE	8	272	470
CURRENT ASSETS			
Marketable securities			
- Equity Securities	9	57,669	52,947
- Term Finance Certificates	10	7,500	-
		-----	-----
		65,169	52,947
Trade debts - unsecured considered good		-	429
Advances, prepayments and other receivables	11	733	217
Bank balances on current account		2,272	11,538
		-----	-----

68,174	65,131
-----	-----
68,446	65,601
=====	=====

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1997**

	NOTE	1997 (Rupees '000)	1996
Sales of marketable securities		21,676	27,389
Cost of sales of marketable securities	12	25,507	23,684
		-----	-----
(Loss)/gain on sale of marketable securities		(3,831)	3,705
Other income	13	4,826	1,563
		-----	-----
		995	5,268
Reversal of provision/(Provision) for diminution in value of marketable securities		3,675	(16,578)
		-----	-----
		4,670	(11,310)
OPERATING EXPENSES			
Administrative	14	408	410
Financial	15	25	44
Remuneration to Investment Adviser	6.1	670	636
		-----	-----
		1,103	1,090
Profit / (Loss) for the year before taxation		3,567	(12,400)
		-----	-----
Taxation - Current year		150	50
- Prior year		32	45
		-----	-----
		182	95
Profit / (Loss) for the year after taxation		3,385	(12,495)
Accumulated loss brought forward		(24,688)	(12,193)
		-----	-----
Accumulated loss carried forward		(21,303)	(24,688)
		=====	=====

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

**STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 1997**

	1997 (Rupees '000)	1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	3,567	(12,400)
Adjustment for:		
Amortisation of deferred expenditure	198	275
(Reversal of provision) / Provision for diminution in value of marketable securities	(3,675)	16,578
	-----	-----

Changes in operating assets / liabilities:**(Increase)/decrease in current assets**

Marketable securities	(8,547)	2,518
Trade debts	429	(429)
Prepayments & other receivable	(510)	746

(decrease)/increase in current liabilities

Creditors and accrued expenses	(412)	(256)
Due to Investment Adviser	15	(145)
	-----	-----
	(9,025)	2,434

Income tax paid	(135)	(43)
	-----	-----

Net cash flow (used) in /from operating activities	(9,070)	6,844
---	---------	-------

CASH FLOWS FROM INVESTING ACTIVITIES

Deterred expenditure paid	(194)	(193)
Dividend paid	(2)	(1)
	-----	-----

Net cash flow (used) in financing activities	(196)	(194)
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CASH FLOWS FROM FINANCING ACTIVITIES

Refund of reduced share capital	-	(2)
	-----	-----
	-	(2)

Net (decrease) /increase in bank balances	(9,266)	6,648
Bank balance at the beginning of the year	11,538	4,890
	-----	-----

Bank balance at the end of the year	2,272	11,538
	=====	=====

NOTES TO THE ACCOUNTS**FOR THE YEAR ENDED 30 JUNE 1997****1. STATUS AND NATURE OF BUSINESS**

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

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention.

2.2 Marketable Securities

These are valued at lower of average cost and market value on an aggregate portfolio basis. Market value has been taken from Karachi Stock Exchange quotation sheets on the balance sheet date.

2.3 Revenue Recognition

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

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

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

2.4 Deferred Expenditure

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

2.5 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available credits and rebates. The company provides for deferred taxation using the liability method for all major timing differences. However, deferred tax debits are not accounted for.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	1997	1996
	(Rupees '000)	
11,804,320 Ordinary shares of Rs. 5/- each fully paid in cash	59,022	59,022
4,405,680 Ordinary shares of Rs 5/- each issued as bonus shares	22,028	22,028
-----	-----	-----
16,210,000	81,050	81,050
=====	=====	=====

4. DEFERRED EXPENDITURE PAYABLE

	1997	1996
	(Rupees '000)	
Balance as on 01 July	434	627
	-----	-----
Less: Paid during the year	194	193
Transferred to current maturity	116	193
	-----	-----
	310	386
	-----	-----
	124	241
	=====	=====

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

5. CREDITORS AND ACCRUED EXPENSES

Amount payable against Right Shares	-	413
Accrued Expenses	-----	-----
Audit fee	30	22
Custodian fee	18	25
	-----	-----
	48	47
	-----	-----
	48	460
	=====	=====

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

One percent of net assets	6.1	670	636
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Mark-up on deferred expenditure

24	43
-----	-----
694	679
=====	=====

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

	1997	1996
	(Rupees '000)	
ASSETS		
Deferred expenditure	272	470
Marketable securities at market value	65,171	52,947
Trade debts	-	429
Advances, Prepayment and dividend receivable	733	217
Bank balances on current account	2,272	11,538
	-----	-----
	68,448	65,601
LIABILITIES		
Deferred expenditure payable	124	241
Due to shareholders on reduction of capital	45	45
Current maturity of deferred expenditure payable	116	193
Creditors and accrued expenses	48	460
Due to investment adviser -- an associated company	694	679
Unclaimed dividend	322	324
Provision for taxation	150	97
	-----	-----
	1,499	2,039
	-----	-----
Net assets as per rules	66,949	63,562
	=====	=====
Remuneration @ one percent of net assets	670	636
	=====	=====

7. PROVISION FOR TAXATION

The income tax assessments of the company have been finalised upto and including the assessment year 1996-97.

8. DEFERRED EXPENDITURE

Balance as on 01 July	470	745
Less: Amortized during the year	198	275
	-----	-----
	272	470
	=====	=====

9. MARKETABLE SECURITIES

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

NAME OF COMPANY	NAME OF SHARES			BALANCE AS AT 30 JUNE 1997			PERCENTAGE IN RELATION TO		
	Balance as at 01 July 96	Purchase	Sales	Bonus Shares	Number of Shares	At Cost (Rupees '000)	At Market	Own net Assets	Investee Paid-up Capital
MODARABAS									
First AI- Noor Modaraba	152,500	-	-	-	152,500	1,512	1,144	2.28	0.72

First Elite Capital Modaraba	34,020	-	-	-	34,020	456	94	0.51	0.40
First Equity Modaraba	15,750	-	-	-	15,750	173	63	0.24	0.07
First Habib Bank Modaraba	99,263	24,000	-	-	123,263	1,809	703	1.84	0.46
First Habib Modaraba (Shares of Rs. 5/- each)	240,000	-	-	-	240,000	1,260	876	1.79	0.50
First Hajveri Modaraba	-	100,000	-	-	100,000	442	525	1.49	0.57
First Professional Modaraba	33,480	-	-	-	33,480	308	117	0.50	0.40
First Ibrahim Modaraba	44,000	31,000	-	-	75,000	543	281	1.12	1.70
First Mehran Modaraba	30,000	-	-	-	30,000	340	84	0.45	0.41
Modaraba AI Mall	55,200	-	-	-	55,200	1,031	190	0.82	0.56

LEASING COMPANIES

Askari Leasing Limited	-	100,000	100,000	-	-	-	-	-	-
Dawood Leasing Company Limited	100,000	-	-	-	100,000	1,241	700	1.49	0.50
First Leasing Corporation Limited	57,500	15,000	25,000	-	47,500	550	403	0.71	0.36
Ibrahim Leasing Company Limited	-	50,000	-	-	50,000	333	287	0.75	0.22

INVESTMENT COMPANIES / BANKS

Askari Commercial Bank Limited	-	26,000	-	3,900	29,900	729	830	0.45	0.11
Bankers Equity Limited	40,030	-	40,030	-	-	-	-	-	-
Faysal Bank Limited	-	50,000	-	-	50,000	1,422	1,343	0.75	0.22
First International Investment Bank Limited	45,960	42,000	-	-	87,960	1,813	880	1.31	1.01
Muslim Commercial Bank Limited	72,000	-	72,000	-	-	-	-	-	-
Pakistan Industrial Credit and Investment Corp. Limited	100,067	-	100,067	-	-	-	-	-	-
Security Investment Bank Limited	-	22,000	-	-	22,000	210	220	0.33	0.12

INSURANCE

E.F.U. General Insurance Ltd.	25,000	-	-	-	25,000	1,240	981	0.37	1.24
International General Insurance Company of Pakistan Limited	-	9,163	-	1,832	10,995	716	750	0.16	0.72

TEXTILE SPINNING

Al-Hamd Textile Mills Limited	35,000	-	-	-	35,000	793	122	0.52	0.94
Amin Spinning Mills Limited	11,500	-	11,500	-	-	-	-	-	-
Brothers Textile Mills Limited	78,750	-	-	-	78,750	1,827	669	1.18	2.05
Central Cotton Mills Limited	6,024	-	-	-	6,024	152	13	0.09	0.20

NAME OF COMPANY**NAME OF SHARES****BALANCE AS AT 30 JUNE 1997****PERCENTAGE IN RELATION TO**

	Balance	Purchase	Sales	Bonus	Number	At Cost	At Market	Own net	Investee Paid-up
	as at 01 July 96			Shares	of Shares	(Rupees '000)	'000)	Assets	Capital
Gadoon Textile Mills Limited	45,000	3,000	-	-	48,000	2,147	1,608	0.72	0.92
Gulshan Spinning Mills Limited	35,075	-	-	-	35,075	914	666	0.52	0.74
Ideal Spinning Mills Limited	23,000	-	23,000	-	-	-	-	-	-
Khalid Siraj Textile Mills Limited	10,700	-	--	-	10,700	251	40	0.16	0.23
Kohinoor Spinning Mills Limited	14,725	-	14,725	-	-	-	-	-	-
Masood Textile Mills Limited	30,000	-	30,000	-	-	-	-	-	-
Nagina Cotton Mills Limited	38,500	-	-	-	38,500	945	491	0.58	1.01
Saitex Spinning Mills Limited	60,010	-	27,000	-	33,010	233	66	0.49	0.31
Sargodha Spinning Mills Limited	50,000	-	-	-	50,000	516	70	0.75	0.50
Suraj Cotton Mills Limited	40,000	-	-	-	40,000	704	166	0.60	0.78
Taj Textile Mills Limited	25,000	15,000	-	-	40,000	417	220	0.60	0.16

TEXTILE WEAVING

I.C.C. Textile Mills Limited	50,000	56,000	-	-	106,000	751	530	1.58	0.75
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Kohinoor Weaving Mills Limited	54,800	56,000	-	-	110,800	1,326	1,108	1.66	0.95
Mohib Exports Limited	63,250	-	63,250	-	-	-	-	-	-
Nishat Fabrics Limited	-	100,000	-	-	100,000	1,160	860	1.49	0.83
Service Fabrics Limited	81,889	-	-	-	81,889	1,003	164	1.22	0.64
Yousaf Weaving Mills Limited	20,200	-	20.20	-	-	-	-	-	-

TEXTILE COMPOSITE

Crescent Textile Mills Limited	10,500	9,500	-	2,000	22,000	404	345	0.33	0.11
Dawood Cotton Mills Limited	10,000	-	-	-	10,000	692	190	0.15	0.89
Ishaq Textile Mills Limited	59,500	-	-	-	59,500	1,316	991	0.89	1.36

SYNTHETIC & RAYON

Bengal Fibre Industries Limited	21,500	-	-	-	21,500	299	403	0.32	0.44
Ibrahim Fibres Limited	-	75,000	-	-	75,000	689	619	1.12	1.02
Pakistan Synthetics Limited	62,500	-	62,500	-	-	-	-	-	-
Polypropylene Products Limited (Shares of Rs. 5/- each)	21,014	2,000	-	-	23,014	330	135	0.17	1.65
Sunshine Cloth Mills Limited	25,000	-	9,500	-	15,500	182	22	0.23	0.12

SUGAR & ALLIED INDUSTRIES

AI-Abbas Sugar Mills Limited	56,500	-	56,500	-	-	-	-	-	-
Chashma Sugar Mills Limited	36,400	-	5,000	-	31,400	572	157	0.47	0.30
Dewan Sugar Mills Limited	27,500	12,500	-	-	40,000	1,810	1,080	0.60	1.44
Faran (0) Sugar Mills Limited	63,744	-	-	-	63,744	1,087	548	0.95	0.87
Haseeb Waqas Sugar Mills Limited	100,000	-	-	-	100,000	900	525	1.49	0.28
Kohinoor Sugar Mills Limited	27,600	-	-	-	27,600	475	284	0.41	1.00
Mirpurkhas Sugar Mills Limited	20,714	-	-	-	20,714	721	342	0.31	1.13
The Premier Sugar Mills & Distillery Company Limited	6,700	-	-	-	6,700	314	167	0.10	0.84
Shahmurad Sugar Mills Limited	60,500	-	-	6,050	66,550	2,812	932	0.99	1.46
Sindh Abadgar's Sugar Mills Limited	83,800	-	33,000	-	50,800	764	356	0.76	0.73

NAME OF COMPANY**NAME OF SHARES****BALANCE AS AT 30 JUNE 1997****PERCENTAGE IN RELATION TO**

Balance as at 01 July 96	Purchase	Sales	Bonus Shares	Number of Shares	At Cost (Rupees '000)	At Market '000)	Own net Assets	Investee Capital	Paid-up Capital
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CEMENT

Cherat Cement Company Limited	100,450	10,000	-	-	110,450	6,090	2,270	1.65	1.27
D.G. Khan Cement Company Limited	103,410	-	10,000	-	93,410	3,679	1,140	1.40	0.34
Maple Leaf Cement Factory Limited	57,087	272,834	79,921	-	250,000	2,751	2,125	3.73	0.30

FUEL & ENERGY

Ibrahim Energy Limited	-	195,500	125,500	-	70,000	626	770	1.05	0.07
National Refinery Limited	54,500	12,500	-	-	67,000	4,811	1,909	1.00	0.72
Nishat Tek Limited	27,500	-	7,000	-	20,500	797	215	0.31	0.39
Pakistan State Oil Company Limited	10,507	-	5,400	1,532	6,639	559	2,161	0.10	0.09
Shell Pakistan Limited '--	18,975	-	-	-	18,975	2,776	4,459	0.28	1.19
Sui Southern Gas Company Limited	-	25,000	2,210	3,750	26,540	781	756	0.40	0.33

ENGINEERING

Abbas Steel Mills Limited	28,500	-	-	-	28,500	359	125	0.43	0.85
Metropolitan Steel Corporation Limited	21,399	-	-	-	21,399	391	86	0.32	0.48

AUTO & ALLIED ENGINEERING

AI-Ghana Tractors Limited (Shares of Rs. 5/- each)	13,000	-	-	1,300	14,300	160	465	0.11	0.22
Ghandhara Nissan Diesel Ltd.	-	11,500	-	-	11,500	316	258	0.17	0.43
Pak Suzuki Motor Company Limited	-	25,000	-	-	25,000	1,170	1.25	0.37	1.59

CABLES & ELECTRICAL GOODS

Pak Elektron Limited	34,237	16,000	-	-	50,237	2,418	515	0.75	1.30
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TRANSPORT & COMMUNICATION

Pakistan Telecommunication Company Limited	50,000	-	50,000	-	-	-	-	-	-
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CHEMICAL & PHARMACEUTICAL

Berger Paints Pakistan Limited	12,650	-	-	1,265	13,915	593	442	0.21	2.33
Dawood Hercules Chemicals Limited	10,000	-	-	-	10,000	1,506	1,405	0.15	0.90
Engro Chemicals Pakistan Limited	-	10,000	-	2,500	12,500	1,810	1,79	0.19	1.09
ICI Pakistan Limited	10,000	32,500	42,500	-	-	-	-	-	-
Knoll Pharmaceuticals Limited	20,000	-	-	4,000	24,000	4,393	2,568	0.36	6.86
Otsuka Pakistan Limited	35,000	-	-	-	35,000	881	445	0.52	0.88
Sitara Chemicals Industries Limited	15,495	25,000	-	-	40,495	1,510	1,478	0.60	1.03

PAPER & BOARD

Century Paper & Board Mills Limited	50,000	-	55,000	5,000	-	-	-	-	-
Crescent Board Limited	40,000	-	2,000	-	38,000	590	105	0.57	0.67
Packages Limited	-	75,000	-	-	75,000	3,998	4,650	1.12	4.51
Premier Board Mills Limited	3,200	-	-	-	3,200	-	32	0.05	-

FOOD & ALLIED

Brooke Bond Pakistan Limited	8,598	-	8,598	-	-	-	-	-	-
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GLASS & CERAMICS

Baluchistan Glass Limited (Shares of Rs. 5/- each)	110,000	-	-	-	110,000	2,900	539	0.82	5.27
Emco Industries Limited	19,500	39,666	-	-	59,166	1,174	887	0.88	1.96

MISCELLANEOUS

Treet Corporation Limited	15,183	3,500	-	-	18,683	435	467	0.28	1.04
Tri-Pack Films Limited	-	86,000	86,000	-	-	-	-	-	-

-----	90,108	57,669	-----
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Less: Provision for diminution
in value of investments

-----	32,439	-	-----
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1997

-----	57,669	57,669	-----
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1996

=====	52,947	52,947	=====
-------	--------	--------	-------

9.1 Net assets as defined in Section 2 (e) of the Investment Companies and Investment Adviser's Rules, 1971.

10 TERM FINANCE CERTIFICATES

This represents 1,500 Term Finance Certificates of Rs. 5,000 each of ICI (Pakistan) Limited, carrying profit rate of 18.70% per annum. Principal and profit is redeemable in ten semi annual installments.

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLE

	1997	1996
	(Rupees '000)	
Advance Tax	6	-
Prepayments	18	8
Dividend receivable	358	209
Profit receivable on ICI (Pakistan) Limited Term		

Finance Certificates	351	-
	-----	-----
	733	217
	=====	=====

12. COST OF SALES OF MARKETABLE SECURITIES

	1997	1996
	(Rupees '000)	
Balance as on 01 July	89,061	91,579
Purchases	26,446	21,122
Stamps and duties	108	44
	-----	-----
	115,615	112,745
Less: Balance as on 30 June	90,108	89,061
	-----	-----
	25,507	23,684
	=====	=====

13. OTHER INCOME

Dividend	3,812	1,569
Less: Zakat deducted at source	38	6
	-----	-----
	3,774	1,563
Profit on ICI (Pakistan) Limited Term Finance Certificates	1,052	-
	-----	-----
	4,826	1,563
	=====	=====

14. ADMINISTRATIVE EXPENSES

Professional tax		39	39
Annual listing fee		75	40
Custodian fee		55	25
Amortisation of deferred expenses		198	275
Auditors' remuneration	14.1	37	28
Directors' fee		4	3
		-----	-----
		408	410
		=====	=====

14.1 Auditors' remuneration

Audit fee		30	22
Out of pocket expenses		7	6
		-----	-----
		37	28
		=====	=====

1997 1996
(Rupees '000)

15. FINANCIAL EXPENSES

Bank charges		1	1
Mark-up on deferred expenditure payable to Golden Arrow Investment & Research (Pvt) Ltd.		24	43
		-----	-----
		25	44
		=====	=====

**16. TRANSACTION WITH AN ASSOCIATED COMPANY
(INVESTMENT ADVISER)**

Mark-up on deferred expenditure payable	24	43
	=====	=====
Remuneration for services	670	636
	=====	=====
Payments of deferred expenditure payable	194	193
	=====	=====

17. GENERAL

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

17.2 Previous year's figures have been re-arranged wherever necessary to facilitate comparison.

Golden Arrow Investment & Research (Private) Limited

Investment Adviser

Profit and Loss Account

For the year ended 30 June 1997

	1997	1996
	(Rupees '000)	
Remuneration from Golden Arrow Selected Stocks Fund Limited	670	636
Interest on deferred expenditure	24	43
	-----	-----
	694	679
OPERATING EXPENSES		
Administrative		
Directors' remuneration	289	289
Salaries, wages and other benefits	1,622	1,434
Gratuity	105	93
Rent and electricity	168	79
Repairs and Maintenance	87	61
Legal, and professional charges	276	298
Postage, telephone and telegrams	245	234
Printing and advertisement	128	122
Conveyance and entertainment	90	106
Audit fee	20	13
Newspapers and subscriptions	46	24
Depreciation	406	459
Others	60	71
Vehicles running expenses	105	137
Insurance	48	51
Advertisement	46	18
	-----	-----
	3,741	3,489
	-----	-----
Loss for the year	(3,047)	(2,810)
	=====	=====

Note: Service income, capital gain, underwriting commission & other income not relating to investment company has not been included in the above statement. However, expenses have not been allocated as the cost relating to income other than the above two sources of income are not considered to be relevant / material.