

CONTENTS

➤ Mission Statement and Vision	2
➤ Corporate Information	3
➤ Directors' Report	4
➤ Key Operating and Financial Data	7
➤ Statement of Compliance with the Code of Corporate Governance	10
➤ Review Report	12
➤ Auditors' Report to the Certificate Holders	13
➤ Balance Sheet	14
➤ Profit and Loss Account	15
➤ Cash Flow Statement	16
➤ Statement of Changes in Equity	17
➤ Notes to the Financial Statements	18
➤ Patten of Certificate Holding	46
➤ Categories of Certificate Holding	47
➤ Notice of Annual Review Meeting	48

Mission Statement

The mission statement of the Management Company and Modaraba Al-Mali stems from its commitment to follow the Divine Commandment:

“But Allah hath permitted trade and forbidden usury”

Accordingly, the mandate it has set for itself is to seek investment, raise funds, trade and re-invest in accordance with Islamic principles and continuously endeavor to conduct business in conformity with Sharia to the maximum extent possible in the prevailing secular economic environment, which is not yet fully geared and ready to adopt Islamic financial set-up as a way of life.

Our Vision

Our vision is to become vibrant organization of choice for our customers and investors, contribute in the development of national economy, and maximize profitability for sharing halal profits to our certificate holders and partners. The Management Company is committed to continuous, sustainable and impressive growth in the sphere of its activities.

The cornerstone of investment management philosophy is to grow through consortium effort entering into investment and technical collaboration with effort entering into investment and technical collaboration with interested organizations, sharing common objectives, who would like to invest and grow in Pakistan through their skills and equity. This approach is not a sideline at our organization. It is at the heart of our design for growth and in pursuit of excellence.

CORPORATE INFORMATION

Board of Directors	Mr. S. Iradat Husain	Chairman
	<i>In alphabetical order</i>	
	Mr. Asad Alim	Director
	Mr. Gohar Iqbal Shaikh	Director
	Mr. Hasan Aziz Bilgrami	Director
	Mr. Muhammad Imran	Director
	Mr. Mujtaba Hussain Kazmi	Director
	Mr. Tariq Usman Bhatti	Director
	Mr. Zulfiqar Ali	Chief Executive
Audit Committee	Mr. S. Iradat Husain	Chairman
	Mr. Gohar Iqbal Shaikh	Member / Director
	Mr. Tariq Usman Bhatti	Member / Director
Management Team	Mr. Zulfiqar Ali	Chief Executive
	Syed Ahmed Asim	CFO / Company Secretary
	Mr. Tahir Zuberi	Head of Operations
Company Secretary	Syed Ahmed Asim	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants First Floor, Shaikh Sultan Trust Building No. 2, Beaumont Road, Karachi	
Bankers & Financers	BankIslami Pakistan Limited Bank Alfalah Limited - Islamic Banking Al-Baraka Islamic Bank B.S.C. (E.C.) MCB Bank Limited Allied Bank Limited Meezan Bank Limited Faysal Bank Limited	
Registrar & Share Registration Office	Technology Trade (Pvt.) Limited Dagja House, 241-C, Block-2, P.E.C.H.S., Karachi.	
Registered Office	10th Floor, Progressive Square, Opposite Nursery, Sharea Faisal, Karachi. Phone : (92-21) 4547521-5 Fax : (92-21) 4547526 E-mail : info@modarabaalmali.com URL : www.modarabaalmali.com	

DIRECTORS' REPORT

On behalf of the Board of Directors of BankIslami Modaraba Investments Limited (formerly JS Finance Limited) we take pleasure in presenting the 22nd annual report of Modaraba Al-Mali together with Audited Accounts for the year ended June 30, 2008.

1. Operating Results

A summary of operating results for the year ended June 30, 2008 are presented as under:

	(Rs. in "000")	
	2008	2007
Total operating income	36,620	57,841
Net profit / (loss) before management fee & taxation	6,121	(11,727)
Less : Management fee	-	-
	<u>6,121</u>	<u>(11,727)</u>
Earning/(Loss) per certificate of Rs. 10/- each	0.33	(0.64)

Under the provisions of Modaraba Ordinance, 1980, the management company is entitled to a fee equivalent to 10% of the profit of the Modaraba. However, keeping in view the performance of the Modaraba, the Board of Directors has decided to waive the management fee for the year under review. This will enable the Modaraba to distribute slightly better profits to its certificate holders.

1. Profit distribution

The Directors take pleasure in announcing distribution of cash dividend of 2.50% i.e Re 0.25 per certificate for the year ended June 30, 2008.

3. Statutory reserve

As per Prudential Regulations issued by Securities & Exchange Commission of Pakistan, Modarabas are required to transfer a minimum 20% and maximum 50% post-tax profit to statutory reserves. The Board of Directors has appropriated 20% towards statutory reserves. Thus, accumulated reserve stand at Rs. 55,452,920 i.e. 30.10% of paid-up capital of Modaraba.

4. Operational review

The Modaraba earned net profit of Re. 0.33 per certificate during the current financial year as compared to loss of Re. 0.64 per certificate during the corresponding year ended June 30, 2007. During the year, the management of the Modaraba was taken over by BankIslami Pakistan Limited. The new management concentrated its efforts on re-aligning the business of the Modaraba and has decided to shift its focus from the spread business to some specific business activity in the energy sector. Our first step towards this direction was the decision to set-up gasoline/CNG stations. On this front, we have acquired our first Site in Karachi and have signed a MoU with an Oil Marketing Company for obtaining its franchise for the said Site. The Site will InshaAllah become operational in the first quarter of the year 2009. However, acquisition of further sites will be made after finalization of new price mechanism for oil products by the government. We also focused on cleaning the financial port folio of the Modaraba, which we are pleased to inform, has almost been entirely cleaned up.

5. Future Prospects

Presently, the economic indicators of the country are not showing positive signs and the current financial year is expected to be a difficult time for our economy. The economic managers of the country have to make all out efforts to bring our derailed economy back on the track. Your management intends to continue its cautious approach of avoiding any risky experimentation at this sensitive point of time, and making investments in highly selective and secured avenues. The management will concentrate on the projects that are expected to generate stable returns in the long run. Meanwhile, strenuous efforts will be made on the recovery side and to cut down the operating costs, to keep the Modaraba profitable in the short run.

6. Corporate Governance

The modarabas are required to comply with various requirements of the Code of Corporate Governance (CCG) issued by the SECP and enforced through listing regulations of the Stock Exchanges in Pakistan. Your management has taken significant steps in line with the requirements formulating a vision and mission statement, over all corporate strategy, strengthened internal audit function, constituting an Audit Committee and adoption of Charter of Audit Committee.

The statutory auditors are also required to issue their review report over the compliance statement of the best practices, which is published with the financial statements.

The Board of Directors has reviewed the CCG and confirms that:

Financial statements present fairly the state of affairs, the results of its operations, cash flow and change in equity.

Proper books of account have been maintained.

Appropriate accounting policies have been consistently applied in preparation of financial statements except for the changes explained in financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards, as applicable to modarabas in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the modaraba's ability to continue as a going concern.

There has been no material departure from the best practice of Corporate Governance applicable at 30 June 2008.

Key operating and financial data of last six years is annexed.

7. Pattern of certificate holding

Pattern of certificate holding is annexed to this report.

8. Audit Committee

The Board of Directors has established an Audit Committee, which presently comprises of the following directors:

- | | | |
|----|------------------------|----------|
| 1. | Mr. Syed Iradat Husain | Chairman |
| 2. | Mr. Tariq Usman Bhatti | Member |
| 3. | Mr. Gohar Iqbal Shaikh | Member |

9. Attendance of Board Meetings

In all, five Board meetings of the Modaraba Company were held during the year. Attendance of each director is appended here under:

Name of Directors	No. of Meetings	Leave of Absence	Remarks
Mr. S. Iradat Husain	05	-	
<i>In Alphanumeric Order</i>			
Mr. Asad Alim	02	-	(Appointed on 22 nd November 2007)
Mr. Gohar Iqbal Shaikh	05	-	
Mr. Hasan Aziz Bilgrami	05	-	
Mr. Tariq Usman Bhatti	05	01	
Mr. Muhammad Imran	05	-	
Mr. Mujtaba Hussain Kazmi	05	-	
Mr. Zulfiqar Ali-CEO	05	-	

10. Credit Rating

Pakistan Credit Rating Agency (PACRA) has assigned long term entity rating of A- and short term rating of A2, to the Modaraba.

11. Auditors

The present auditors M/s KPMG Taseer Hadi Khalid & Co. Chartered Accountants retired and offered themselves for re-appointment.

The directors take this opportunity to extend their appreciation and thanks to the certificate holders for their trust in the Modaraba, to the Regulators for their guidance and to all members of management and staff for their hard work and commitment.

On behalf of the Board

Karachi:
August 28, 2008

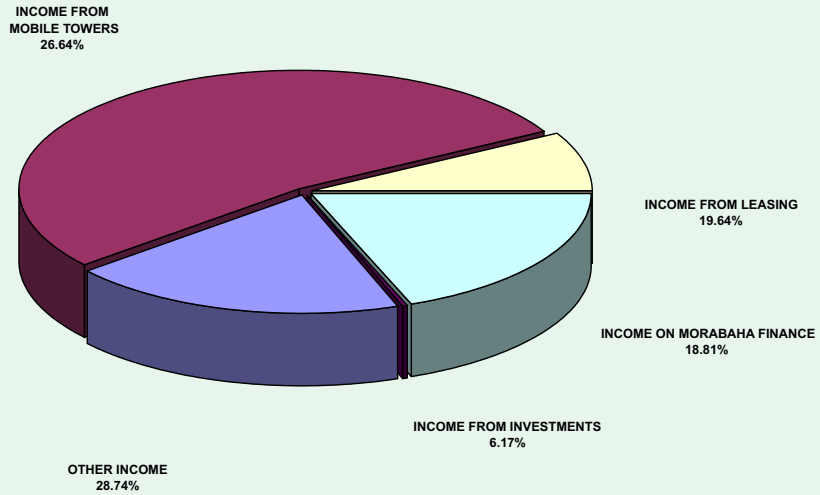
S. Iradat Husain
Chairman
Board of Director

KEY OPERATING AND FINANCIAL DATA

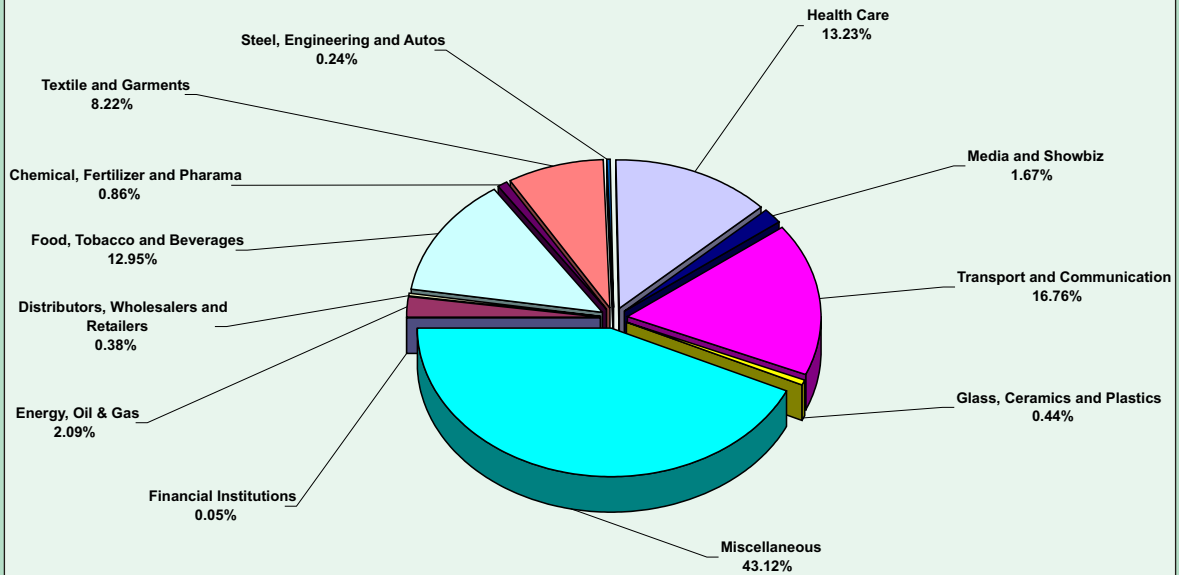
Balance Sheet Summary		(Rupees in Million)					
Year Ended June 30,	2003	2004	2005	2006	2007	2008	
EQUITY							
Issued, subscribed and paid up capital	182.57	182.57	182.57	182.57	184.23	184.23	
Statutory Reserves	38.99	45.76	48.53	54.23	54.23	55.45	
Revenue Reserves and unappropriated profit	2.99	5.60	16.68	30.88	(5.70)	(0.30)	
Total Equity	224.55	233.93	247.78	267.68	232.76	239.38	
LIABILITIES							
Long Term Morabaha and Musharika	1.05	-	-	-	-	-	
Liability against Ijarah finances				24.09	21.08	12.41	
Customer Security Deposit	22.12	24.04	26.65	22.49	33.95	9.10	
Others	-	-	-	2.18	3.02	-	
	23.17	24.04	26.65	48.76	58.05	21.51	
Current Liabilities							
Current Maturity of Long Term Morabaha and Musharika	8.05	1.05	-	-	-	-	
Short term Morabaha and Musharika	-	-	34.93	162.75	-	-	
Other Current Liabilities	71.50	61.14	28.98	43.96	20.05	48.27	
Total Current Liabilities	79.55	62.19	63.91	206.71	20.05	48.27	
Total Liabilities	327.27	320.16	338.34	523.15	310.86	309.16	
ASSETS							
Assets Leased Out	223.02	-	-	-	-	-	
Net investment in Ijarah		111.68	87.62	74.08	33.28	7.35	
Assets in Own Use	11.92	11.35	26.85	13.11	73.79	125.64	
Long Term Morabaha and Musharika	6.24	11.02	7.53	9.96	0.51	0.06	
Long Term Investment	-	-	-	17.95	-	27.55	
Other Long Term Assets	0.15	0.08	32.14	65.55	20.67	3.16	
	241.33	134.13	154.14	180.65	128.25	163.76	
Current Assets							
Short Term Morabaha and Musharika	14.53	43.08	50.26	197.25	79.75	12.03	
Current maturity of Net investment in Ijarah		85.92	60.48	55.52	34.51	22.43	
Short Term Investment	47.77	29.60	19.98	11.90	5.03	5.50	
Other Current Assets	15.24	4.18	31.50	70.44	18.29	33.16	
Cash and Bank Balance	8.40	23.26	21.98	7.39	45.03	72.28	
Total Current Assts	85.94	186.04	184.20	342.50	182.61	145.40	
Total Assets	327.27	320.17	338.34	523.15	310.86	309.16	
Lease Rentals Receivables Next 12 Months	98.12	-	-	-	-	-	
Income Statement Highlights		(Rupees in Million)					
Year Ended June 30,	2003	2004	2005	2006	2007	2008	
INCOME							
Lease	129.57	29.11	24.39	40.55	38.21	27.76	
Musharika and Morabaha	3.82	3.23	10.09	16.47	18.54	8.74	
Capital Gain on Investments	18.52	6.86	(2.12)	5.30	-	(0.06)	
Dividend	3.16	1.81	2.00	0.11	0.16	0.17	
Certificate of Investment	0.29	0.06	-	-	-	5.07	
Other	1.62	1.20	2.48	25.18	2.54	3.81	
Total Income	156.98	42.27	36.84	87.61	59.45	45.49	
EXPENSES							
Operating	11.69	10.36	14.82	32.69	31.96	28.92	
Financial	2.74	0.75	1.24	11.32	10.86	2.79	
Amortization, Depreciation	96.64	1.59	1.70	8.30	9.32	9.88	
Provision for Doubtful receivables	3.04	(8.03)	3.69	3.66	19.03	(2.22)	
Provision for Diminution in value of investment	-	-	-	-	-	-	
Management fee	4.29	3.76	1.54	3.16	-	-	
Profit Before Taxation	38.60	33.84	13.85	28.48	(11.72)	6.12	
Taxation	-	-	-	-	-	-	
Net Profit	38.60	33.84	13.85	28.48	(11.72)	6.12	
APPROPRIATIONS							
Total Dividend	29.21	24.65	10.95	22.82	-	4.61	
Statutory Reserves	7.72	6.76	2.77	5.70	5.70	1.22	
VALUE OF INVESTMENT OF							
Provident Fund		0.83					
Gratuity Fund		1.24					

Note: Above figures are based on respective audited accounts for the year ended June 30, 2008 of the funds

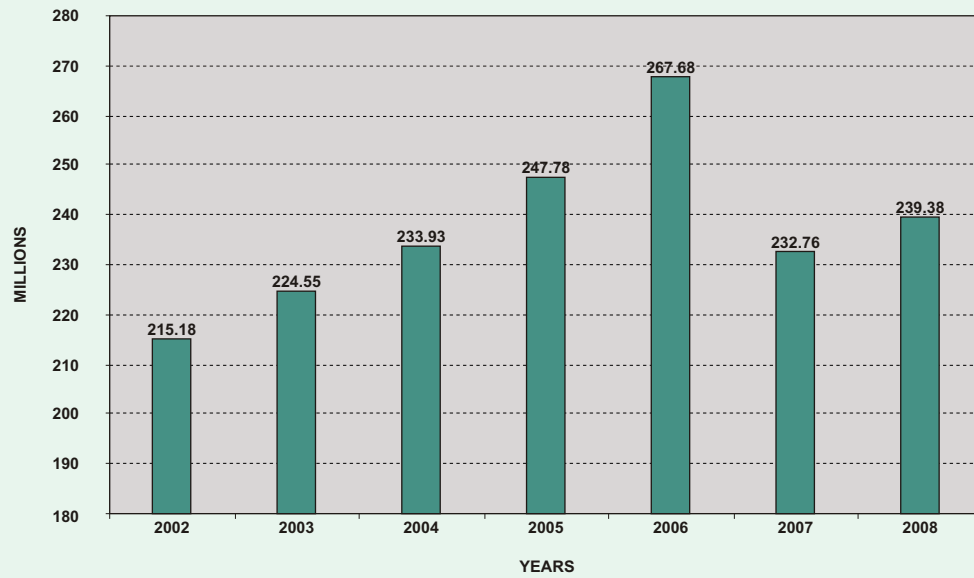
REVENUE ANALYSIS



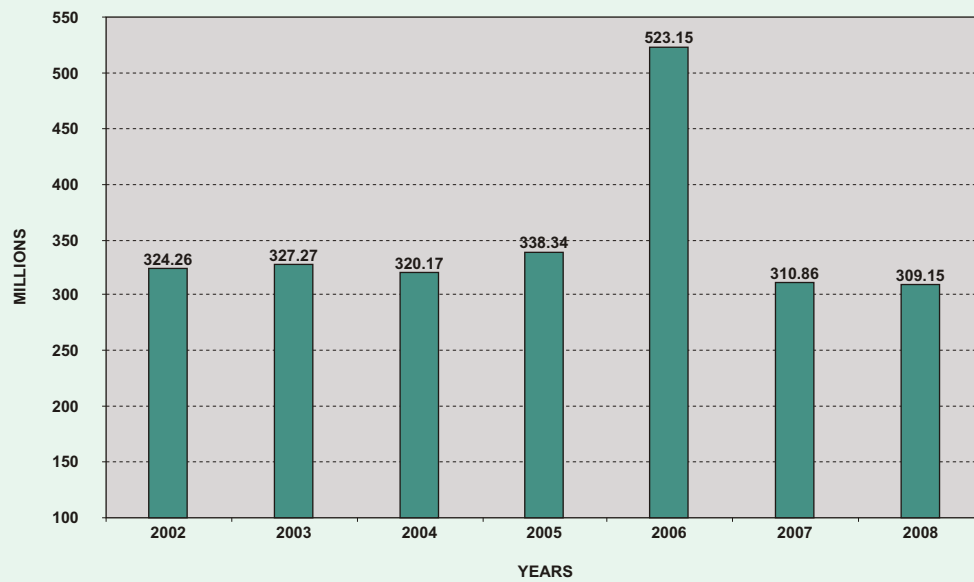
SECTOR WISE EXPOSURE



EQUITY GROWTH



BALANCE SHEET GROWTH



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the Karachi, Lahore & Islamabad Stock Exchanges 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.

BankIslami Modaraba Investments Limited [formerly JS Finance Limited]-Management Company is not listed, however, Modaraba Al-Mali (the Modaraba) is listed at Karachi, Lahore and Islamabad Stock Exchanges. The Board of Directors of the Modaraba Company is responsible for management of affairs of the Modaraba.

The Modaraba Al-Mali has applied principles contained in Code in the following manner:

1. All the Directors of the Management Company are non-executive directors, except the Chief Executive of the Modaraba Company.
2. The Directors of the management company have confirmed that none of them are serving as director in ten or more listed companies.
3. All the resident directors of the Management Company have confirmed that they are registered as tax payers and to the best of our knowledge none of them have defaulted in payment of any loan to a banking company, a Development Financial Institution or an Non Banking Financial Company or, being a member of a Stock Exchanges, have been declared as a defaulter by the Stock Exchange.
4. The directors filled casual vacancies occurring in the Board within the stipulated time.
5. The Modaraba Management Company has prepared a 'Statement of Ethics and Business Practice' which have been signed by all the directors and employees of the Modaraba.
6. The Board has developed a Vision & Mission statement, overall corporate strategy and certain significant policies. Record of particulars of significant policies along with dates on which they were approved or amended has been maintained. Arrangements have been made for the preparation of other relevant significant policies. The management is in the process of reviewing the materiality level of the Modaraba.
7. All the powers of board have been duly exercised within the defined management structure, performance tracking system and control mechanism. Decisions on material transactions, including the appointment and determination of remuneration and terms and conditions of the employment of the Chief Executive Officer have been taken by the board.
8. The meetings of the board were presided by the Chairman and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. An orientation course for the directors of the Management Company is planned to be shortly conducted. However the Board Members are fully aware of their duties and responsibilities under the relevant laws, including the Code of Corporate Governance. They are experienced individuals and few of them are also on the Board of other listed companies.

10. There was no new appointment of the CFO and Company Secretary (both being the same person), including his remuneration and terms and conditions of employment, as determined by the CEO.
11. The Director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the modaraba were duly endorsed by the Chief Executive and the Chief Financial Officer before the approval of the board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The modaraba has complied with all the corporate and financial reporting requirements of the code.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors of the Management Company, including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the interim and final results of the Modaraba, as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
17. The Board of Directors of the Management Company has outsourced the internal audit function to Mehmood Idrees Qamar & Co., Chartered Accountants who are considered suitably qualified and experienced for our purposes and are conversant with the policies and procedures of the Modaraba. Their representative work and report in accordance with an agreed scope and time frame.
18. The statutory auditors of the modaraba have confirmed that they have been given a satisfactory rating under the quality control review program 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 certificates of the modaraba and that the firm and all its partners are in the compliance with International Federation of Accounts (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 regards.
20. We confirm that all material principles contained in the code have been complied with.

On behalf of the Board

Karachi:
August 28, 2008

Zulfiqar Ali
Chief Executive

**REVIEW REPORT TO THE CERTIFICATE HOLDERS
ON STATEMENT OF COMPLIANCE
WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of BankIslami Modaraba Investments Limited (formerly JS Finance Limited the Modaraba Company) in respect of **Modaraba Al-Mali** (the Modaraba) to comply with the Listing Regulation of the Karachi, Lahore and Islamabad Stock Exchanges where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba 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 Modaraba'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 Modaraba Management Company personnel and review of various documents prepared by the Modaraba Management Company to comply with the Code.

As part of our audit of 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 internal control.

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 Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as at 30 June, 2008.

Karachi:
August 28, 2008

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **Modaraba Al-Mali** ("the Modaraba") as at 30 June, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial Statements), 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.

These financial statements are the Modaraba Company's [BankIslami Modaraba Investments Limited (formerly JS Finance Limited)] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statement in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. 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 financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of Modaraba Al-Mali as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- 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 Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi:
August 28, 2008

KPMG Taseer Hadi & Co.
Chartered Accountants

BALANCE SHEET
AS AT 30 JUNE 2008

	<i>Notes</i>	2008	2007
ASSETS			
Bank balances	6	72,278,019	45,038,032
Short-term investments	7	5,503,618	5,036,711
Morabaha finance - short term	8	12,035,080	79,175,044
Current maturity of net investment in ijarah	9	22,434,510	34,519,737
Advances, deposits, prepayments and other receivables	10	33,158,354	18,829,664
Total current assets		145,409,581	182,599,188
Net investment in ijarah	9	7,345,191	33,282,508
Morabaha finance - long term	8	55,487	510,344
Long term investment	11	27,545,169	17,520,169
Long term deposits	12	3,156,465	3,156,465
Fixed assets	13	125,644,177	73,794,304
Total non-current assets		163,746,489	128,263,790
Total assets		309,156,070	310,862,978
LIABILITIES			
Current maturity of liability against ijarah finance	14	6,495,229	5,243,087
Creditors, accrued and other liabilities	15	16,640,619	13,688,086
Current maturity of security deposits	16	18,801,212	16,579,210
Unclaimed profit distribution		6,329,148	6,359,364
Total current liabilities		48,266,208	41,869,747
Liability against ijarah finance	14	12,408,670	18,851,907
Security deposits	16	9,101,500	17,374,329
Total non-current liabilities		21,510,170	36,226,236
Total liabilities		69,776,378	78,095,983
NET ASSETS		Rupees 239,379,692	232,766,995
FINANCED BY			
CAPITAL AND RESERVES			
Certificate capital			
Authorised - 30,000,000 (2007: 30,000,000)			
Modaraba certificates of Rs.10/- each		<i>Rupees</i> 300,000,000	300,000,000
Issued, subscribed and paid-up	17	184,239,450	184,239,450
Reserves:			
Certificate premium		511,409	511,409
Statutory reserve		55,452,920	54,228,762
Unrealised gain on available-for-sale investment securities	7.1.1 & 11.2	528,618	36,711
Unappropriated profit		(1,352,705)	(6,249,337)
		55,140,242	48,527,545
		<i>Rupees</i> 239,379,692	232,766,995
Contingencies	18		
The annexed notes from 1 to 35 form an integral part of these financial statements.			
Chief Executive BankIslami Modaraba Investments Limited (Formerly JS Finance Limited) Modaraba Management Company	Director BankIslami Modaraba Investments Limited (Formerly JS Finance Limited) Modaraba Management Company	Chairman BankIslami Modaraba Investments Limited (Formerly JS Finance Limited) Modaraba Management Company	

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008	2007
Income from leasing	19	27,765,637	38,212,246
Profit on morabaha		8,743,726	18,545,267
Other operating income - net	20	110,484	1,083,967
		36,619,847	57,841,480
Profit distribution on borrowings	21	2,798,084	10,896,812
Operating costs	22	38,800,552	41,264,874
		41,598,636	52,161,686
		(4,978,789)	5,679,794
Impairment loss - net	23	2,217,770	(19,023,069)
		(2,761,019)	(13,343,275)
Other income	24	8,881,809	2,048,138
Share of loss of an associate	11.1	-	(432,185)
		6,120,790	(11,727,322)
Modaraba company's management fee	15.3	-	-
Profit / (loss) for the year before taxation		6,120,790	(11,727,322)
Taxation	25	-	-
Profit / (loss) for the year after taxation		6,120,790	(11,727,322)
Earnings / (loss) per certificate - basic and diluted	26	0.33	(0.64)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive
BankIslami Modaraba Investments Limited
(Formerly JS Finance Limited)
Modaraba Management Company

Director
BankIslami Modaraba Investments Limited
(Formerly JS Finance Limited)
Modaraba Management Company

Chairman
BankIslami Modaraba Investments Limited
(Formerly JS Finance Limited)
Modaraba Management Company

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	30 June 2008	30 June 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		6,120,790	(11,727,322)
Adjustment of non-cash and other items	27	10,247,369	38,877,306
		16,368,159	27,149,984
(Increase) / decrease in operating assets			
Advances, deposits, prepayments and other receivables		(12,840,807)	50,646,063
Short term morabaha finance		67,653,261	116,183,295
Net investment in Ijarah		39,310,366	45,319,902
Long term morabaha finance		454,857	9,452,975
		94,577,677	221,602,235
(Increase) / decrease in operating liabilities			
Creditors, accrued and other liabilities		2,952,533	(7,180,442)
Short term morabaha borrowings - net		-	(96,250,000)
Short term certificate of musharika borrowings		-	(66,500,000)
Long term Ijarah Finance - net		(5,191,095)	(3,069,193)
Customers' security deposits received - net		(6,050,827)	(887,772)
		(8,289,389)	(173,887,407)
		102,656,447	74,864,812
Income taxes refund / (paid) - net		(1,071,242)	313,904
Profit distribution on borrowings		(2,798,084)	(12,799,523)
Net cash flows from operating activities		98,787,121	62,379,193
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(63,318,293)	(9,930,223)
Proceeds from sale of fixed assets		1,631,500	2,941,000
Dividend received		169,875	164,375
Purchase of Sukuk investment certificate		(10,000,000)	-
Other short term investments		-	4,529,750
Net cash flows from investing activities		(71,516,918)	(2,295,098)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distribution		(30,216)	(22,435,726)
Net cash flows from financing activities		(30,216)	(22,435,726)
Net decrease in cash and cash equivalents		27,239,987	37,648,369
Cash and cash equivalents at beginning of the year		45,038,032	7,389,663
Cash and cash equivalents at end of the period	Rupees	72,278,019	45,038,032

The annexed notes from 1 to 35 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Note	Certificate capital	Reserves				Total	
		Capital reserve		Revenue reserve			
		Certificate premium	Capital (statutory reserve) *	Unrealised gain on remeasurement of available for sale investments	Unappropriated profit		
					Total reserves		
	182,574,000	-	54,228,762	2,369,575	28,507,916	85,106,253	267,680,253
Changes in equity for the year ended 30 June 2007							
1.2	1,665,450	511,409	-	-	-	-	2,176,859
Unrealised gain on available-for-sale investment securities (recognized in equity)	-	-	36,711	-	-	36,711	36,711
Transfer to profit and loss account on disposal of available-for-sale investments	-	-	(2,369,575)	-	-	(2,369,575)	(2,369,575)
Net loss for the year	-	-	-	(11,727,322)	(11,727,322)	(11,727,322)	(11,727,322)
Total recognised loss for the year	-	-	(2,332,864)	(11,727,322)	(14,060,186)	(14,060,186)	(14,060,186)
Final dividend for the year ended 30 June 2007	-	-	-	(23,029,931)	(23,029,931)	-	(23,029,931)
Balance as at 30 June 2007	184,239,450	511,409	54,228,762	36,711	(6,249,337)	71,046,067	232,766,995
Changes in equity for the year ended 30 June 2008							
Unrealised gain on available-for-sale investment securities (recognized in equity)	-	-	491,907	-	-	-	491,907
Net gain for the year	-	-	491,907	-	6,120,790	-	6,120,790
Total recognised income for the year	-	-	491,907	6,120,790	6,120,790	-	6,612,697
Transfer to statutory reserves during the year	-	-	-	(1,224,158)	(1,224,158)	-	-
Balance as at 30 June 2008	184,239,450	511,409	55,452,920	528,618	(1,352,705)	71,046,067	239,379,692

* The statutory reserve represents profits set aside in accordance with the provisions of prudential regulations for modarabas promulgated by the Securities and Exchange Commission of Pakistan. The annexed notes from 1 to 35 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Modaraba Al-Mali (“the Modaraba”) is a multipurpose and perpetual Modaraba floated in Pakistan on 8 July 1987 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and the rules framed there under. The Modaraba has its registered office at 10 floor, Progressive Square, Shakra-e-Faisal, Karachi and is managed by BankIslami Modaraba Investments Limited (formerly JS Finance Limited), a company registered under the Companies Ordinance, 1984. It is engaged in the business of leasing, morabaha, musharika financing, trading and renting of mobile towers and other related business. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges.
- 1.2** A scheme of arrangement (the ‘Scheme’) was executed on 10 October 2005 and was approved by the Honourable High Court of Sindh for the merger of Modaraba Al-Tijarah into Modaraba Al-Mali on 1 June 2006. The merger was effective from 1 July 2005. As per the Scheme, 166,545 modaraba certificates of Modaraba Al-Mali of the nominal value of Rs. 10 each were issued to the certificate holders of Modaraba Al-Tijarah in lieu of its 7,577,815 certificates on 5 August 2006. Amount of Rs. 511,409 representing excess of net assets of Modaraba Al-Tijarah merged over the nominal value of certificates issued has been credited to certificate premium account.
- 1.3** During the year ended 30 June 2008, the entire share holding in JS Finance Limited (the Modaraba’s Management Company) was acquired by BankIslami Pakistan Limited and the name of the management company was changed to BankIslami Modaraba Investments Limited.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981 shall prevail.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the “historical cost convention”, except that certain investments, are measured at fair value.

3.2 Initial application of a standard or an interpretation

During the year, amendments to International Accounting Standards (IAS) 1, Presentation of Financial Statements relating to capital disclosures became effective and have resulted in certain disclosures.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the functional currency of the Modaraba.

3.4 Critical accounting estimates and judgment

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are discussed below:

Provision against non-performing leasing portfolio and morabaha finances

The Modaraba reviews its loan portfolio of lease / Ijarah finance and morabaha financing to assess amount of non-performing portfolio and provision required there against on a regular basis. The provision is made in accordance with the requirements of the Prudential Regulations for Modarabas. Forced sales values of the mortgaged properties wherever available, are also considered for the purpose of determining of provision required against the above non-performing portfolio (in accordance with the requirements of prudential regulations). The forced sales values are determined by the independent valuers.

Income taxes

The income of non-trading modaraba is exempt from tax provided that not less than 90% of its profits as reduced by the amount transferred to statutory reserves are distributed to certificate holders.

For the purposes of estimating the income tax currently payable by the Modaraba (if so required), the management considers the current income tax laws and the decisions of the appellate authorities on certain issues.

Investments stated at fair value

Management has determined fair value of certain investments by using quotations from the active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and judgement (e.g. valuation, interest rates, etc.) and therefore, cannot be determined with precision.

Classification of investments

- In classifying investments as 'held to maturity', the Modaraba follows the guidance given in the approved accounting standard on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Modaraba evaluates its intention and ability to hold such investment to maturity.
- The investments which are not classified as 'held for trading', or 'held to maturity', are classified as 'available for sale'. These essentially are those investments that are held for an undefined period and may be sold in response to the need for liquidity or changes in market rates.

Depreciation and amortisation of operating fixed assets

In making estimates of the depreciation / amortisation method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Modaraba. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

4. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after 1 July 2008 are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain increased disclosures:

- IFRS 2 (amendment) - Share based payments
- IFRS 3 (amendment) - Business Combinations and consequential amendments to IAS 27 - Consolidated and separate financial statements, IAS 28 - Investment in associates and IAS 31-Interest in Joint Ventures.
- IFRS 7 - Financial Instruments: Disclosures
- IFRS 8 - Operating Segments
- Revised IAS 23 - Borrowing costs
- IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1- Presentation of Financial Statements
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 11 Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 - Customer Loyalty Programme
- IFRIC 14 IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction
- IFRIC 15 - Agreement for the Construction of Real Estate
- IFRIC 16 - Hedge of Net Investment in a Foreign Operation

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Employees' benefits

5.1.1 Staff gratuity

The Modaraba participates in an approved group funded gratuity scheme for all its employees, who have completed minimum qualifying period of service. The group comprises of BankIslami Modaraba Investments Limited (formerly JS Finance Limited) and Modaraba Al-Mali. Consolidated fund is being maintained for the employees of the group. Contributions to the fund are made on the basis of actuarial recommendation normally carried out on a yearly basis. The latest valuation was carried out as at 30 June 2008 under the projected unit credit method. Unrecognised actuarial gains / losses exceeding ten percent of the greater of the present value of defined benefit obligation or the fair value of plan assets are recognised in the profit and loss account over the expected average remaining working lives of the employees participating in the plan.

5.1.2 Staff provident fund

The Modaraba contributes to an approved group fund scheme covering all its employees who are eligible under the scheme. Equal monthly contributions are made by the Modaraba and the employees to the fund at 8.33% of the basic salary.

5.1.3 Staff compensated absences

The Modaraba also makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the balance sheet date in accordance with the service rules.

5.2 Fixed assets

5.2.1 Tangible - in own use

Owned

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the period in which they are incurred

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account currently.

Depreciation method, useful lives and residual values are reassessed at least at each balance sheet date and changes, if any, are recognized prospectively.

Leased

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of lease less accumulated depreciation and impairment losses, if any. Finance charge on lease obligation is recognised in the profit and loss account over the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding balance.

Depreciation on assets subject to finance lease is recognised in the same manner as owned assets.

5.2.2 Operating lease

Leases which do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as "operating lease". The Modaraba has leased out mobile towers to certain operators under operating lease arrangements (refer note 13.2).

These leased out assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on these assets in the same manner as assets in own use. Subsequent additions to these assets, normal repairs and maintenance and gain on the sale of these assets are also accounted for in the same manner as the above assets in own use.

5.3 Investments

Investments in securities are initially recognised at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of held for trading investments (if any) in which case these transaction costs are charged off to the profit and loss account. All regular way of purchases and sale of investments are recognised / derecognised on the trade date. After initial recognition these are categorised and accounted for as follows:

5.3.1 Held-to-maturity

Investments with fixed maturity where the management has both the intend and ability to hold till maturity are classified as held to maturity. These investments are stated at amortised cost.

5.3.2 Financial instruments held for trading

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

After initial recognition, the above investments are remeasured at fair value determined with reference to the year-end quoted rates (equity shares and investments of closed ended funds at respective stock exchange rates, while units of open ended funds at their declared net asset value per unit). Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

5.3.3 Available-for-sale

Investments which do not fall under the above categories are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available-for- sale investments are recognized directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss.

All investments classified as available-for-sale are initially recognized at cost inclusive of transaction costs and subsequently quoted investments are marked to market using the last quoted rate at the close of the financial year. Fair value of unquoted investments is estimated based on appropriate valuation method if it is practicable to determine it.

5.4 Net investment in Ijarah finance

Assets owned by the Modaraba but subject to finance lease are included in the financial statements as “Net investment in Ijarah finance” at an amount equal to the present value of the lease payments, including estimated residual value. Allowance for non-performing leases is made in accordance with Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan and is charged to the profit and loss account currently.

5.5 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the judgement of management, whichever is higher. Bad debts are written off when identified.

5.6 Revenue recognition

5.6.1 Ijarah finance

The Modaraba follows the finance method for recognising income on Ijarah contracts. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Documentation charges, front-end fee and other Ijarah income are recognised as income on receipt basis.

5.6.2 Income on debt investment securities and bank deposits

Income on above assets is recognised on a time proportion basis under the effective yield method.

5.6.3 Morabaha finance

The Modaraba follows the finance method in recognising income on morabaha finance. Under this method the unearned income i.e. the excess of aggregate morabaha instalments over the cost of the asset under morabaha facility is deferred and then amortised over the term of the morabaha, so as to produce a constant rate of return on morabaha finance. Documentation charges, front-end fee and other morabaha income are recognised as income on a receipt basis.

5.6.4 Dividend income

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

5.6.5 Gains/Losses on sale of investments

Gains and losses on sale of investments are accounted for when their commitment (trade date) for sale of security is made.

5.6.6 *Unrealised income on non-performing assets*

Unrealized income is suspended, where necessary, on non-performing assets (including non-performing net investment in Ijarah and morabaha finances), in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. The unrealised suspended income is recognised in income on receipt basis.

5.6.7 *Operating lease income*

Leases in which a significant portion of the risk and reward is retained by the Modaraba are classified as operating lease. Income from operating lease is recognized when it becomes due on a time proportion basis.

5.7 **Taxation**

Current

Provision for current taxation is made on taxable income at current rates of tax after taking into account the available tax credits, if any, and on income taxable under the presumptive tax regime at the applicable rate. The income of a modaraba from non-trading activities is exempt from tax provided that not less than 90% of its profits, as reduced by the amount transferred to statutory reserve, are distributed to the certificate-holders.

Deferred taxation

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. This is recognised on the basis of the expected manner of the realisation and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred tax liability or asset is not recognised if the management expects to continue to distribute at least 90% of its profit in future years (due to which no tax would be payable as explained above).

5.8 **Off-setting**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and the Modaraba intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.9 **Cash and cash equivalents**

Cash in hand and at banks and short-term bank deposits are carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances including term deposits.

5.10 **Provisions**

Provisions are recognised when the Modaraba has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

5.11 Financial instruments

All the financial assets and liabilities are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial asset and financial liabilities is taken to income directly.

5.12 Impairment

The carrying amount of the Modaraba's assets other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

5.13 Segment reporting

A business segment is a distinguishable component of the Modaraba that is engaged in providing related products or services and which is subject to risks and rewards that are different from those of other segments. The Modaraba's primary format for segment reporting is based on 'business segments' as the Modaraba conducts its operations only in Pakistan.

5.14 Morabaha borrowings and financing

Consequent to adoption of Islamic Financial Accounting Standards 1 - Morabaha, issued by the Institute of Chartered Accountants of Pakistan, the Modaraba accounts for morabaha as follows:

- Funds disbursed for purchase of goods are recorded as 'Advance for morabaha'. On culmination of morabaha i.e. on sale of goods to the customers, morabaha financings are recorded at the deferred sale price net of profit.
- Goods purchased but remaining unsold at the balance sheet date are recorded as inventories.
- Profit on morabaha is recognised on an accrual basis. However, profit for the period from the date of disbursement to the date of culmination of morabaha is recognised immediately upon the later date.
- Funds received against sale of goods are recorded as 'morabaha payable'. On the culmination of morabaha i.e. on purchase of goods from the counter party, morabaha payables are recorded at the deferred purchase price net of expense.
- Expense on morabaha is recognised on accrual basis. However, expense for the period from the date of receipt to the date of culmination of morabaha is recognised immediately upon the later date.

5.15 Inventories

These represent inventories, if any, acquired under the Morabaha financing arrangements. The Modaraba values its inventories at the lower of cost and net realisable value. Cost of inventories represents the actual purchase made by the Modaraba or by the customer as an agent on behalf of the Modaraba from the funds disbursed for the purposes of culmination of morabaha. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

6. BANK BALANCES	<i>Notes</i>	2008	2007
<i>With banks:</i>			
In Islamic bank profit and loss sharing accounts	6.1	12,182,524	18,868,402
Balance with State Bank of Pakistan- current account		3,744	5,329
In current accounts		75,721	1,068,421
In term deposit accounts (with Islamic Bank)	6.2	60,000,000	25,000,000
		72,261,989	44,942,152
<i>On hand:</i>			
Security stationery		16,030	95,880
	<i>Rupees</i>	72,278,019	45,038,032

6.1 Profit and loss sharing accounts

These carry profit rates ranging from 3.09% to 5.72% (2007: 1.35% to 4.31% per annum). This include a balance of Rs. 8.19 million with a related party.

6.2 Term deposit accounts

This carries profit at 8 % to 9.52% per annum having maturity period of 30 to 180 days. These have been placed with a related party.

7. SHORT-TERM INVESTMENTS

7.1 Available-for-sale investments - listed securities

<u>Number of units (Rs.10 each)</u>			<u>Market value</u>	
2008	2007		2008	2007
OPEN ENDED MUTUAL FUND				
107,285	96,544	Meezan Islamic Income Fund	5,503,618	5,036,711

7.1.1 As of 30 June 2008, unrealized gain on revaluation of above units amounted to Rs. 0.503 million (2007: Rs. 0.0367 million).

8. MORABAHA FINANCE - secured	2008	2007
8.1 Long term		
Considered good	123,315	1,283,889
Current maturities shown under current assets	(67,828)	(773,545)
	<i>Rupees</i>	55,487
8.2 Short term		
Current maturities shown under current assets	67,828	773,545
Considered - good	11,967,252	78,401,499
- impaired balance	3,539,904	4,053,201
	15,574,984	83,228,245
Impairment loss against doubtful debts	(3,539,904)	(4,053,201)
	<i>Rupees</i>	12,035,080

8.3 The details of the gross balance and unearned income of Morabaha balances are as follows:

	2008		2007	
	Long term	Short term	Long term	Short term
Morabaha finance - gross	66,047	12,232,253	693,190	83,751,854
Deferred Morabaha Income	(10,560)	(185,960)	(181,167)	(3,966,717)
Profit receivable shown in other assets	-	(11,213)	(1,679)	(610,093)
<i>Rupees</i>	55,487	12,035,080	510,344	79,175,044

8.4 The above represents amount receivable against Morabaha transactions i.e. sale of goods on a deferred payment basis at a specified profit margin ranging from 10 % to 24 % (2007: 10% to 24%) per annum. The facilities are secured by personal guarantees of the directors, equitable mortgage of property, pledge of shares and hypothecation of stock, etc. Long-term Morabaha finances will mature between July 2009 to March 2010, while short-term facilities are due between July 2008 to June 2009.

8.5 Above morabaha finance receivables include non-performing balances of Rs. 8.41 million (2007: Rs. 28.756 million) on which income is not being accrued in accordance with the Prudential Regulations for Modarabas.

9. NET INVESTMENT IN IJARAH

	2008			2007		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
Minimum lease payments receivable	45,053,336	5,932,500	50,985,836	63,304,319	26,334,750	89,639,069
Residual value of leased assets	18,801,212	1,811,500	20,612,712	16,579,210	10,084,329	26,663,539
Lease contracts receivable	63,854,548	7,744,000	71,598,548	79,883,529	36,419,079	116,302,608
Unearned lease income (including suspended income)	(8,124,521)	(398,809)	(8,523,330)	(10,780,453)	(3,136,571)	(13,917,024)
Impairment against potential lease losses	(33,295,517)	-	(33,295,517)	(34,583,339)	-	(34,583,339)
	(41,420,038)	(398,809)	(41,818,847)	(45,363,792)	(3,136,571)	(48,500,363)
<i>Rupees</i>	22,434,510	7,345,191	29,779,701	34,519,737	33,282,508	67,802,245

9.1 The Modaraba has entered into various lease agreements with profit rates ranging from 10% to 24% (2007: 10% to 24%) per annum. The agreements usually are for three to five years period. These are generally secured against leased assets, personal / corporate guarantees and promissory notes given by the lessees and other collaterals.

9.2 Above Ijarah finance receivables include non-performing balances of Rs. 34.82 million (2007: Rs. 35.733 million) on which income is not being accrued in accordance with the Prudential Regulations for Modarabas.

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	<i>Notes</i>	2008	2007
Advances - considered good			
- Advances		562,835	1,412,161
- Advance tax		2,432,485	1,361,252
		2,995,320	2,773,413
Advance against future Morabaha finance	10.6	8,067,487	-
Deposits		93,400	55,900
Prepayments	10.1	6,844,266	6,542,164
Other receivables			
- Terminated leases	10.2	-	1,000,000
- Miscellaneous amount recoverable from the lessees		1,655,900	2,063,811
- Impairment loss against doubtful debts	10.3	(1,385,648)	(1,385,648)
		270,252	678,163
Dividend receivable - doubtful		186,150	16,275
Impairment loss against doubtful debts	10.3	(16,275)	(16,275)
		169,875	-
Receivable against sale of shares		9,834,026	-
Profit accrued on morabaha finances, sukuk investment certificates and term deposits with a bank		283,355	610,093
Receivable from brokers - considered doubtful		22,422	22,422
Impairment loss against doubtful debts	10.3	(22,422)	(22,422)
		-	-
Others	10.4 & 10.5	5,089,038	7,568,596
Impairment loss against doubtful debts	10.3	(488,665)	(398,665)
Balance considered good		4,600,373	7,169,931
		15,157,881	9,458,187
	<i>Rupees</i>	33,158,354	18,829,664

10.1 Prepayments includes prepaid rent of Rs. 6.23 million (2007: Rs. 5.34 million) in respect of sites hired for mobile towers installation.

10.2 Details of terminated leases are as follows:

Considered good		-	1,000,000
Considered doubtful		6,242,260	6,748,910
		6,242,260	7,748,910
Impairment loss against doubtful debts	10.3	(6,242,260)	(6,748,910)
Closing balance		-	1,000,000
	<i>Rupees</i>	-	1,000,000

- 10.3** Total provision against these impaired debts at the year-end amounted to Rs. 8.155 million (2007: Rs. 8.510 million). The details of movement in impairment loss during the year is given in note 23 to these financial statements.
- 10.4** This includes an amount of Rs. 3.053 million (2007: Rs. 6.245 million) due from the lessees in respect of the lease rentals under operating leases of 17 towers and other running expenses.
- 10.5** This includes Rs. 1.52 million due from a related party in respect of the sale of certain fixed assets which was received subsequent to the year end.
- 10.6** Goods for the funds disbursed are expected to be received in August 2008.

11. LONG-TERM INVESTMENT

Available-for-sale investments

<u>Number of shares (Rs.10 each)</u>		<i>Notes</i>	<u>Cost</u>		
2008	2007		2008	2007	
<i>Unlisted securities</i>					
1,800,000	1,800,000	Al Hamra Hills (Private) Limited	11.1	17,520,169	17,520,169
<i>Sukuk Certificates</i>					
2,000	-	New Allied Electronics Industries (Private) Limited	11.2	10,025,000	-
			<i>Rupees</i>	<u>27,545,169</u>	<u>17,520,169</u>

- 11.1** The Securities and Exchange Commission of Pakistan vide its letter dated 1 November 2004, has waived the applicability of regulation no. 7 (7) of Part II of the Prudential Regulations on Modaraba Al-Mali relating to investment in unlisted companies. The above regulation, subject to certain conditions, restricts the investments by a Modaraba in the shares of unlisted companies, except in cases where the Modaraba is engaged in venture capital business. Since the prospectus of Modaraba Al-Mali allows it to engage in venture capital business, the Registrar Modaraba has waived the applicability of the above regulation.

Modaraba holds 1,800,000 ordinary shares of Rs. 10 each in Al-Hamra Hills (Private) Limited, which represents 2.12% of issued share capital of the investee company.

Up to 31 December 2006, the above investment was accounted for under the equity basis of accounting as the chief executive of the Modaraba's Management Company was on the Board of the above investee company. However, during the previous year, the said chief executive of the Modaraba's management company had resigned from the management company and was replaced by another person. Accordingly, the Modaraba is of the view that due to this change, the Modaraba is not in a position to exercise any significant influence on the above investee company and as such this investee company is not an associated company any more.

- 11.2** These certificates carries profit at 3 months KIBOR +220 bps with floor of 7% and cap of 20% payable semi annually. The tenor of the above instrument is for five years including a grace period of two years and is repayable in six equal consecutive semi annual installments.

As of 30 June 2008, unrealized gain on revaluation of above certificates amounted to Rs. 0.025 million (2007: Nil).

12. LONG TERM DEPOSIT

This includes Rs. 3.018 million paid to a leasing company on account of sale and lease back of 8 mobile towers (refer note 14 for details).

13. FIXED ASSETS	<i>Notes</i>	2008	2007
Operating fixed assets (excluding towers and allied equipments)	13.1	10,941,416	13,109,292
Towers and allied equipments	13.2	53,648,331	60,074,132
Capital work in progress	13.4	61,054,430	610,880
	<i>Rupees</i>	125,644,177	73,794,304

13.1 Operating fixed assets

		2008								
		Cost			Depreciation			Net carrying	Rate of	
		As at 1 July 2007	Additions	Disposals	As at 30 June 2008	As at 1 July 2007	For the year / (reversal on disposal)	As at 30 June 2008	value as at 30 June 2008	depreciation per annum %
Owned										
	Office premises-leasehold	12,546,257	-	-	12,546,257	5,549,385	627,313	6,176,698	6,369,559	5
	Vehicles	3,992,070	1,599,388	1,592,070	3,999,388	1,172,002	916,840 (217,069)	1,871,773	2,127,615	20
	Furniture and fixtures	2,351,819	210,419	202,037	2,360,201	1,974,634	50,041 (133,948)	1,890,727	469,474	10
	Office equipments	3,624,934	48,500	671,607	3,001,827	1,650,938	536,385 (593,832)	1,593,491	1,408,336	10 to 50
	Computers	2,125,963	123,100	278,984	1,970,079	1,184,792	427,691 (208,836)	1,403,647	566,432	33
2008	<i>Rupees</i>	24,641,043	1,981,407	2,744,698	23,877,752	11,531,751	2,558,270 (1,153,685)	12,936,336	10,941,416	
2007										
		Cost			Depreciation			Net carrying	Rate of	
		As at 1 July 2006	Additions	Disposals	As at 30 June 2007	As at 1 July 2006	For the year / (reversal on disposal)	As at 30 June 2007	value as at 30 June 2007	depreciation per annum %
Owned										
	Office premises-leasehold	12,546,257	-	-	12,546,257	4,922,072	627,313	5,549,385	6,996,872	5
	Vehicles	4,449,903	3,665,513	4,123,346	3,992,070	2,041,129	1,053,115 (1,922,242)	1,172,002	2,820,068	20
	Furniture and fixtures	2,649,147	9,000	306,328	2,351,819	2,157,635	118,272 (301,273)	1,974,634	377,185	10
	Office equipments	3,794,722	396,002	565,790	3,624,934	1,532,697	580,870 (462,629)	1,650,938	1,973,996	10 to 50
	Computers	1,190,438	938,975	3,450	2,125,963	868,309	319,932 (3,449)	1,184,792	941,171	33
2007	<i>Rupees</i>	24,630,467	5,009,490	4,998,914	24,641,043	11,521,842	2,699,502 (2,689,593)	11,531,751	13,109,292	

13.2 Towers and allied equipments

		2008								
		Cost			Depreciation			Net carrying	Rate of	
		As at	Additions	Disposals	As at	As at	For the year /	As at	value as at	depreciation
		1 July 2007			30 June 2008	1 July 2007	(reversal	30 June 2008	30 June 2008	per annum
							on disposal)			%
Owned										
	Towers with allied equipments	26,155,296	259,042	-	26,414,338	2,399,549	1,064,763	3,464,312	22,950,026	5
	Other allied equipments	16,383,889	633,854	-	17,017,743	4,857,811	2,807,342	7,665,153	9,352,590	20
Leased										
	Towers with allied equipments	22,030,590	-	-	22,030,590	2,130,894	1,347,770	3,478,664	18,551,926	5
	Other allied equipments	7,988,366	-	-	7,988,366	3,095,755	2,098,822	5,194,577	2,793,789	20
2008	<i>Rupees</i>	72,558,141	892,896	-	73,451,037	12,484,009	7,318,697	19,802,706	53,648,331	

		2007								
		Cost			Depreciation			Net carrying	Rate of	
		As at	Additions	Disposals	As at	As at	For the year /	As at	value as at	depreciation
		1 July 2006			30 June 2007	1 July 2006	(reversal	30 June 2007	30 June 2007	per annum
							on disposal)			%
Owned										
	Towers with allied equipments	26,155,296	-	-	26,155,296	1,091,784	1,307,765	2,399,549	23,755,747	5
	Other allied equipments	12,074,036	4,309,853	-	16,383,889	2,242,987	2,614,824	4,857,811	11,526,078	20
Leased										
	Towers with allied equipments	22,030,590	-	-	22,030,590	1,029,364	1,101,530	2,130,894	19,899,696	5
	Other allied equipments	7,988,366	-	-	7,988,366	1,498,082	1,597,673	3,095,755	4,892,611	20
2007	<i>Rupees</i>	68,248,288	4,309,853	-	72,558,141	5,862,217	6,621,792	12,484,009	60,074,132	

13.3 Operating lease rental receivables

		2008				2007			
		Not later than one year	Later than one and less than five years	More than five years	Total	Not later than one year	Later than one and less than five years	More than five years	Total
Minimum lease payments receivables	<i>Rupees</i>	26,835,494	130,597,643	120,077,972	277,511,108	34,181,504	137,246,016	76,500,000	247,927,520

The Modaraba has entered into ten year operating lease agreements with Wireless Loop Operators. Monthly rentals due under these arrangements are to be increased on an annual basis by 8%.

13.4 Capital work in progress

This represents a lease hold land acquired by the Modaraba for the purposes of setting up a petrol filling / service station and CNG / LPG facilities (filling / service station). Simultaneously, the Modaraba, subsequent to the year end, entered in a memorandum of understanding with a 'Company' under which the Modaraba has agreed to lease / sub-lease the above land to that company for the purposes of setting up and operating the above referred filling / service station at the Land. Initially the lease / sub-lease shall be for 15 years, renewable for further period on a mutually agreed basis. On the execution of the above deed of lease / sub-lease, the 'Company' has agreed to appoint the Modaraba as its retailer and licensee in respect of the filling / service station through duly executed separate agreements. The filling / service station shall be operated by the Modaraba. The cost of the civil work and related equipment for the setting up of the filling / service station shall be borne by the Modaraba. Currently, legal formalities are being addressed by the Modaraba.

13.5 Details of disposal of fixed assets are as under:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sale proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of purchasers
Vehicle	31,570	31,570	-	17,000	17,000	Negotiation	Mr.Azhar (employee)
Vehicle	60,500	60,499	1	18,000	18,000	Negotiation	Mr.Hammad (ex-employee)
Vehicle	1,500,000	125,000	1,375,000	1,450,000	75,000	Negotiation	Bankislami Pakistan Limited (related party)
Computers	194,984	194,976	8	13,867	13,859	Negotiation	Mr. Devanand, Khurshid Manzil, M. Ali Alvi Road Kumharwara, Karachi
Computers	84,000	13,860	70,140	70,500	360	Negotiation	Bankislami Pakistan Limited (related party)
Furniture & Fixture	202,037	133,496	68,541	14,369	(54,172)	Negotiation	Mr. Devanand, Khurshid Manzil, M. Ali Alvi Road Kumharwara, Karachi
Equipments	671,607	593,832	77,775	47,764	(30,011)	Negotiation	Mr. Devanand, Khurshid Manzil, M. Ali Alvi Road Kumharwara, Karachi
2008	Rupees 2,744,698	1,153,233	1,591,465	1,631,500	40,036		
2007	Rupees 4,998,914	2,689,594	2,309,321	2,941,000	631,679		

14. LIABILITY AGAINST IJARAH FINANCE

The Modaraba entered in a sale and lease back arrangement on 31 December 2005 with a leasing company under which 8 towers have been sold and reacquired under finance lease arrangement (sale and lease back). The amount of future payments for the lease and the period in which the lease payments will become due are as follows:

	2008			2007		
	Not later than one year	Later than one year but not later than five years	Total	Not later than one year	Later than one year but not later than five years	Total
Minimum Lease Payments	8,265,644	13,351,020	21,616,664	7,790,277	21,555,660	29,345,937
Financial charges of future period	(1,770,415)	(942,350)	(2,712,765)	(2,547,190)	(2,703,753)	(5,250,943)
Principal outstanding	6,495,229	12,408,670	18,903,899	5,243,087	18,851,907	24,094,994

The present value of minimum lease payments has been discounted at six months Karachi Inter Bank Offered Rate (KIBOR) plus a premium of 2.75% (resulting in current effective mark-up rate of 13.10% per annum). The arrangement is for a period of 5 years and will mature on 31 December 2010.

15. CREDITORS, ACCRUED AND OTHER LIABILITIES	<i>Notes</i>	2008	2007
Creditors	15.1	10,828,114	11,145,462
Accrued liabilities	15.2	1,866,408	1,859,432
Others	15.3	3,802,214	626,533
Rentals received in advance		143,883	56,659
		<i>Rupees</i> 16,640,619	<u>13,688,086</u>

15.1 This includes Rs. 7.9 million (2007: Rs 8.3 million) payable in respect of the construction of mobile towers.

15.2 Included in this amount is the liability in respect of staff compensated absences which amounts to 581,783 (2007: Rs. 520,237).

15.3 This include late payment charges of Rs. 3.8 (2007: Rs 0.312 million) on rentals recovered from the customers of the Modaraba.

16. SECURITY DEPOSITS

Customers' security deposits		20,612,712	26,663,539
Current maturity shown under current liabilities		(18,801,212)	(16,579,210)
	16.1	1,811,500	10,084,329
Security deposits in respect of mobile towers		7,290,000	7,290,000
		<i>Rupees</i> 9,101,500	<u>17,374,329</u>

16.1 Represents sum received under Ijarah finance, repayable / adjustable at the expiry of the lease period.

17. CERTIFICATE CAPITAL

17.1 Issued, subscribed and paid up capital

13,569,000 (2007: 13,569,000) Modaraba Certificates of Rs.10 each fully paid in cash		135,690,000	135,690,000
4,688,400 (2007: 4,688,400) Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates		46,884,000	46,884,000
166,545 (2007: 166,545) Modaraba Certificates of Rs. 10 each issued due to merger	17.2	1,665,450	1,665,450
		<i>Rupees</i> 184,239,450	<u>184,239,450</u>

Modaraba Al-Mali

17.2 These certificates were issued to the certificate holders of Modaraba Al-Tijarah on account of its merger with the Modaraba(note 1.2). The Scheme of merger (the scheme) was executed on 10 October 2005 and was approved by the Honourable High Court of Sindh for the merger of Modaraba Al-Tijarah into Modaraba Al-Mali on 1 June 2006. The merger was effective as of 1 July 2005. As per the scheme, 166,545 modaraba certificates of Modaraba Al-Mali of the nominal value of Rs. 10 each were issued to the certificate holders of Modaraba Al-Tijarah in lieu of its 7,577,815 certificates.

17.3 Following certificates are held by associated undertakings:

<u>Number of certificates</u>		<u>Name of the entity</u>		
<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
2,039,686	2,039,686	BankIslami Modaraba Investments Limited (formerly JS Finance Ltd.)	20,396,860	20,396,860
-	316,500	EFU Life Assurance Limited	-	3,165,000
<u>2,039,686</u>	<u>2,356,186</u>		<u>20,396,860</u>	<u>23,561,860</u>

Rupees

18. CONTINGENCIES

18.1 A suit has been filed against the Modaraba for Rs.6.48 million (2007: Rs.6.48 million) being a claim for refund of security deposit in respect of lease finance. The Modaraba is defending the claim as they have evidence of the repayment of the security deposit. The Modaraba is of the opinion that it stands a fairly good probability of a decision in its favour. Consequently, no provision has been made in these financial statements.

18.2 A suit for specific performance of contract, permanent injunction, damages and compensation has been filed in the Honourable High Court of Islamabad against the Modaraba for Rs. 643 million (including Rs. 500 million against loss in business due to defamation). The Modaraba has moved an application under the Arbitration Act, 1940 for the stay of suit in view of the Arbitration clause in an agreement with the Plaintiff. The Modaraba's lawyer has indicated its expectation that the said application would be accepted and accordingly the matter would be decided in the arbitration proceedings, if invoked. The management is of the view that, even if the proceedings are decided under the arbitration agreement, no additional liability (in addition to the amount already recorded - note 15.1) would need to be recorded in this case and as such no provision for the above amount has been made in these accounts.

18.3 Included in advance tax is Rs. 0.590 million (2007: Rs. 0.590 million) which was paid under protest against the liability assessed by the Deputy Commissioner of Income-tax for the assessment year 1994-95 (corresponding accounting year ended 30 June 1994), the recovery of which depends on the outcome of appeal filed before the Honourable High Court. No provision there against has been made in these financial statements, as the management believes that the assessment made by the Deputy Commissioner of Income-tax will not be sustained in the appeal. However, 50% tax liability has been recovered from the musharika partner. Accordingly, the Modaraba's net exposure is Rs. 0.295 million (2007: Rs. 0.295 million only).

19. INCOME FROM LEASING	<i>Notes</i>	2008	2007
Leasing income	19.1	26,773,447	38,246,775
Consortium lease arrangement fee		1,000,000	-
Loss on termination of leases		(7,810)	(34,529)
		<i>Rupees</i> 27,765,637	<u>38,212,246</u>
19.1	This includes Rs.24.048 million (2007: Rs. 28.74 million) under operating lease/ licensing arrangements.		
20. OTHER OPERATING INCOME - net			
(Loss) / gain on sale of investments - net		(59,391)	919,592
Dividend income		169,875	164,375
		<i>Rupees</i> 110,484	<u>1,083,967</u>
21. PROFIT DISTRIBUTION ON BORROWINGS			
Profit on short term morabaha borrowings		103,304	5,193,196
Profit on Ijarah finance		2,694,780	3,161,478
Profit on certificate of musharika borrowings		-	2,542,138
		<i>Rupees</i> 2,798,084	<u>10,896,812</u>
22. OPERATING COSTS			
Salaries and allowances		8,998,615	10,528,956
Gratuity	22.1.3	250,000	312,000
Provident fund contribution		384,887	400,263
Compensated absences		273,422	425,831
Subscription		644,187	855,055
Legal and professional charges		839,808	1,186,835
Rent, rates and taxes		7,635,525	7,163,513
Printing and stationery		408,583	691,025
Telephone		794,606	764,985
Postage		103,309	268,714
Fuel and conveyance		1,179,104	1,342,519
Share registrar services		156,000	125,000
Repairs and maintenance		1,302,957	1,977,552
Travelling and accommodation		356,902	323,501
Security services charges		2,448,000	2,283,143
Advertisement		166,678	60,391
Insurance		402,137	579,899
Auditors' remuneration	22.2	315,250	322,436
Depreciation	13.1&13.2	9,876,967	9,321,294
Electricity		751,379	743,411
Miscellaneous expenses		1,512,236	1,588,551
		<i>Rupees</i> 38,800,552	<u>41,264,874</u>

Modaraba Al-Mali

22.1 Defined benefit plan gratuity	Notes	2008	2007
22.1.1 Present value of plan assets and present value of obligation:			
Present value of defined benefit obligation	22.1.4	1,081,000	910,000
Fair value of allocated plan assets	22.1.5 & 22.1.6	(1,514,000)	(1,236,000)
Surplus		(433,000)	(326,000)
Unrecognised actuarial gain		433,000	326,000
Net (asset) / liability recognised on the balance sheet	<i>Rupees</i>	-	-
22.1.2 Movement in amount payable to the defined benefit plan:			
Opening balance		-	-
Charge for the year	22.1.3	250,000	312,000
Contribution to the fund during the year		(250,000)	(312,000)
Closing balance	<i>Rupees</i>	-	-
22.1.3 Amount charged to the profit and loss account:			
The following amounts have been charged to the profit and loss account during the current year in respect of this scheme:			
Current service cost		294,000	327,000
Mark-up cost		105,000	142,000
Expected return on plan assets		(135,000)	(157,000)
Unrecognised actuarial loss		(14,000)	-
	<i>Rupees</i>	250,000	312,000
22.1.4 Movement in the present value of defined benefit obligation is as follow:			
Present value of defined benefit obligation		910,000	1,578,000
Current service cost		294,000	327,000
Mark-up cost		105,000	142,000
Benefit paid		(18,000)	(280,000)
Unrecognised actuarial (gain) / loss		(210,000)	34,000
Liability transferred in respect of the transferees		-	(891,000)
	<i>Rupees</i>	1,081,000	910,000
22.1.5 Movement in the fair value of plan assets is as follow:			
Fair value of plan assets at beginning		1,236,000	1,752,000
Expected return on plan assets		135,000	157,000
Contributions		250,000	312,000
Benefit paid		(18,000)	(280,000)
Assets transferred in respect of the transferees		-	(891,000)
Unrecognised actuarial (loss) / gain		(89,000)	186,000
Fair value of plan assets at end	<i>Rupees</i>	1,514,000	1,236,000

22.1.6 Composition of plan assets	2008	2007
Debt instruments	187,000	811,000
Cash	1,327,000	425,000
	<i>Rupees</i>	
	1,514,000	1,236,000

22.1.7 Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund for five year is as follow:

Gratuity Fund	2008	2007	2006	2005	2004	2003
Present value of defined benefit obligation	1,081,000	910,000	1,578,000	1,170,000	1,186,000	1,482,000
Fair value of plan assets	(1,514,000)	(1,236,000)	(1,752,000)	(1,345,000)	(1,333,000)	(1,586,000)
Surplus	<i>Rupees</i> (433,000)	(326,000)	(174,000)	(175,000)	(147,000)	(104,000)
Actuarial gain / (loss) on obligation						
Experience adjustment	<i>Rupees</i> (210,000)	34,000	13,000	171,000	87,000	64,000
Actuarial gain / (loss) on assets						
Experience adjustment	<i>Rupees</i> (89,000)	186,000	15,000	200,000	2,000	47,000

22.1.8 Actuarial assumptions	2008	2007
	(%)	(%)
Expected rate of increase in salary	12	10
Discount rate used to determine the actuarial present value of obligation	12	10
Expected return on plan assets	12	10

22.2 Auditors' remuneration

Statutory audit	165,000	165,000
Review report on statement of compliance with the Code of Corporate Governance	40,000	40,000
Review of the half yearly financial statements	70,000	70,000
Other certifications	30,000	35,636
Out of pocket expenses	10,250	11,800
	<i>Rupees</i>	
	315,250	322,436

23. IMPAIRMENT LOSS / (REVERSALS)

	2008				2007			
	Ijarah receivables (Note 9)	Morabaha finance (Note 8)	Others (Note 10.3)	Total	Ijarah receivables (Note 9)	Morabaha finance (Note 8)	Others (Note 10.3)	Total
Opening balance	34,583,339	4,053,201	8,510,207	47,146,747	18,099,751	2,164,050	7,859,877	28,123,678
Charged during the year	25,201	153,633	90,000	268,834	17,952,432	2,055,801	693,793	20,702,026
Reversed due to recoveries	(1,313,024)	(666,930)	(506,650)	(2,486,604)	(1,468,844)	(166,650)	(43,463)	(1,678,957)
Closing balance	<i>Rupees</i> 33,295,516	3,539,904	8,093,557	44,928,977	34,583,339	4,053,201	8,510,207	47,146,747

Modaraba Al-Mali

24. OTHER INCOME	<i>Notes</i>	2008	2007
Gain on disposal of fixed assets	13.5	40,037	631,679
Rent income		1,337,000	452,000
Profit on profit and loss sharing bank balances		1,449,772	647,774
Profit on term deposits with a Islamic Bank		4,366,947	-
Profit on Sukuk Investment certificates		698,636	-
Others		989,417	316,685
	<i>Rupees</i>	<u>8,881,809</u>	<u>2,048,138</u>

25. TAXATION

25.1 The income of non-trading modaraba is exempt from tax provided that not less than 90% of their profits are distributed to the certificate holders. Accordingly, no provision for tax has been made in these financial statements. For the details of dividend, please refer note 34 to these financial statements.

25.2 The income tax returns of the Modaraba have been filed for the financial year ended 30 June 2003, 30 June 2004, 30 June 2005, 30 June 2006 and 30 June 2007 which are deemed to be assessment order under the Self Assessment Scheme of the Income Tax Ordinance, unless selected for audit by the taxation authorities.

26. EARNINGS / (LOSS) PER CERTIFICATE - basic and diluted

Profit / (loss) after tax for the year	<i>Rupees</i>	<u>6,120,790</u>	<u>(11,727,322)</u>
Weighted average number of certificates outstanding during the year	<i>Number</i>	<u>18,423,945</u>	<u>18,410,066</u>
Basic earnings / (loss) per certificate	<i>Rupees</i>	<u>0.33</u>	<u>(0.64)</u>

No figure for diluted earnings / (loss) per certificate has been presented as the Modaraba has not issued any instrument which would have an impact on earnings / (loss) per certificate when exercised.

27. ADJUSTMENTS FOR NON-CASH ITEMS (in the cash flow)

Depreciation	9,876,967	9,321,294
Reversal of impairment loss	(2,217,770)	19,023,069
Gain on disposal of fixed assets	(40,037)	(631,679)
Profit distribution on borrowings	2,798,084	10,896,812
Share of loss of an associate	-	432,185
Dividend income	(169,875)	(164,375)
	<i>Rupees</i>	<u>10,247,369</u>
		<u>38,877,306</u>

28. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of BankIslami Modaraba Investments Limited (formerly JS Finance Limited) being the modaraba management company, BankIslami Pakistan Limited (being the parent company of the management company), major certificate holders and their close family members, directors of the modaraba management company and their close family members, key management personnel of the Modaraba and the management company and their close family members, the provident and gratuity funds and entities with common directors or under common management.

The remuneration to the key management employees (executives), disclosed in note 29 to these financial statements, are determined in accordance with their terms of appointment. Contribution to the provident and gratuity funds are made in accordance with the services rules and actuarial advise respectively. Other transactions with related parties are in accordance with the agreed terms.

Details of transactions with related parties and balances with them as at the year-end, if not mentioned else where, are as follows:

28.1 Balances outstanding at year end	<i>Notes</i>	2008	2007
BankIslami Modaraba Investments Limited			
- Management fee payable	15.3	Rupees -	-
BankIslami Pakistan Limited			
- Profit receivable on term deposits accounts		Rupees 172,142	-
BankIslami Pakistan Limited -Bank deposits	6.1 & 6.2	Rupees 68,193,752	36,109,341
Receivable from BankIslami Pakistan Limited for the sale of fixed assets	10.5	Rupees 1,520,500	-
28.2 Transactions during the year			
<i>BankIslami Modaraba Investments Limited (management company)</i>			
Management fee	15.3	Rupees -	-
<i>BankIslami Pakistan Limited (holding company of the management company)</i>			
Profit on Islamic profit and loss sharing bank balance		Rupees 1,008,712	-
Rental income		Rupees 1,337,000	-
Bank charges (expense)		Rupees 1,503	-
Profit on Term Deposit receipts		Rupees 4,366,947	-
Gain on sale of fixed assets		Rupees 75,360	-
<i>Other related parties (other than key management personnel)</i>			
Contributions to staff provident fund		Rupees 384,887	440,640
Contribution to staff gratuity fund	22.1.2	Rupees 250,000	312,000
Receipt and repayment of certificate of Musharika borrowings		Rupees -	20,000,000
Financial charges on certificate of Musharika borrowings (at 11.5% per annum)		Rupees -	700,010
Dividend paid		Rupees -	2,422,116
Brokerage paid		Rupees -	77,260
Share of loss of an associated undertaking under the equity basis of accounting		Rupees -	432,185

29. REMUNERATION OF EXECUTIVES AND OTHER EMPLOYEES

The aggregate amount charged in the financial statements for remuneration, including all benefits, to the executive staffs and other employees of the Modaraba were as follows:

	2008			2007		
	Executives	Other Employees	Total	Executives	Other Employees	Total
Salaries	1,839,361	3,346,365	5,185,726	1,569,043	4,731,090	6,300,133
Retirement benefits						
Defined contribution plan - provident fund	143,211	241,676	384,887	174,114	266,526	440,640
Defined benefit plan - gratuity fund	202,497	47,503	250,000	77,703	234,297	312,000
House rent allowance	773,698	1,365,816	2,139,514	940,644	1,803,387	2,744,031
Conveyance and other allowances	506,928	1,439,617	1,946,545	1,447,383	422,863	1,870,246
	<i>Rupees</i> 3,465,695	6,440,977	9,906,672	4,208,887	7,458,163	11,667,050
Number of persons at the end of the year	2	22	24	3	25	28

Three officers of the modaraba are also provided with free use of vehicles maintained by the Modaraba.

30. MATURITIES OF ASSETS AND LIABILITIES

	2008								
	Total	Up to one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years
Assets									
Bank balances	72,278,019	12,278,019	-	60,000,000	-	-	-	-	-
Short-term investments	5,503,618	-	5,503,618	-	-	-	-	-	-
Advances, deposits, prepayments and other receivables	33,158,354	18,706,388	-	-	14,451,966	-	-	-	-
Long term deposits	3,156,465	-	-	-	-	137,500	3,018,965	-	-
Morabaha finances	12,090,567	11,647,102	-	387,978	-	55,487	-	-	-
Net investment in Ijarah	29,779,701	12,450,711	3,315,045	3,491,690	3,177,064	4,338,351	3,006,840	-	-
Long term investment	27,545,169	-	-	-	-	17,520,169	-	10,025,000	-
Fixed assets	125,644,177	-	-	-	8,965,152	8,965,152	5,224,085	11,220,936	91,268,852
Total Assets	309,156,070	55,082,220	8,818,663	63,879,668	26,594,182	31,016,659	11,249,890	21,245,936	91,268,852
Liabilities									
Unclaimed profit distribution	6,329,148	6,329,148	-	-	-	-	-	-	-
Creditors, accrued and other liabilities	17,252,698	4,415,402	612,079	1,407,083	10,818,134	-	-	-	-
Liability against Ijarah	18,903,899	-	1,546,179	1,596,817	3,352,233	7,388,823	5,019,847	-	-
Security deposits	27,902,712	11,895,373	1,945,350	2,638,066	2,322,423	700,000	1,111,500	-	7,290,000
Total Liabilities	70,388,457	22,639,923	4,103,608	5,641,966	16,492,790	8,088,823	6,131,347	-	7,290,000
Net Assets	<i>Rupees</i> 238,767,613	32,442,297	4,715,055	58,237,702	10,101,392	22,927,836	5,118,543	21,245,936	83,978,852

	2007								
	Total	Up to one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years
Assets									
Bank balances	45,038,032	45,038,032	-	-	-	-	-	-	-
Short-term investments	5,036,711	-	5,036,711	-	-	-	-	-	-
Advances, deposits, prepayments and other receivables	18,829,664	1,249,793	6,730,588	1,439,426	7,048,605	2,361,232	-	-	-
Long term deposits	3,156,465	-	-	-	-	-	-	3,156,465	-
Morabaha finances	79,685,388	4,794,619	18,678,332	6,489,815	48,599,113	957,437	10,166,072	-	-
Net investment in Ijarah	67,802,245	11,707,149	3,099,673	2,695,656	2,523,827	3,028,844	42,884,844	1,862,252	-
Long term investment	17,520,169	-	-	-	-	-	-	17,520,169	-
Fixed assets	73,794,304	-	-	-	4,616,712	9,321,294	12,351,283	14,581,230	32,923,785
Total Assets	310,862,978	62,789,593	33,545,304	10,624,897	62,788,257	15,668,807	65,402,199	37,120,116	32,923,785
Liabilities									
Unclaimed profit distribution	6,359,364	6,359,364	-	-	-	-	-	-	-
Creditors, accrued and other liabilities	13,688,086	1,916,087	422,482.00	-	11,349,517	-	-	-	-
Liability against Ijarah	24,094,994	-	-	-	-	-	-	24,094,994	-
Security deposits	33,953,539	4,804,186	2,285,810	2,091,165	1,278,344	3,096,166	11,905,368	1,202,500	7,290,000
Total Liabilities	78,095,983	13,079,637	2,708,292	2,091,165	12,627,861	3,096,166	11,905,368	25,297,494	7,290,000
Net Assets/(liabilities)	<i>Rupees</i> 232,766,995	49,709,956	30,837,012	8,533,732	50,160,396	12,572,641	53,496,831	11,822,622	25,633,785

The above are based on contractual maturities and not on their expected realisation, which may change due to sale / rollover, etc.

Note: I added "Total Liabilities" in 2008 where the sums of liabilities are given.

31. FINANCIAL INSTRUMENTS
31.1 Mark-up / profit rate risk

Yield / profit rate sensitivity position for on-balance sheet instruments based on the earlier of contractual repricing or maturity date is as follows:

	Mark-up / profit rate %	2008			Non-mark-up / profit bearing	Total
		Mark-up / profit bearing maturity after				
		Maturity up to one year	One year up to five years	Sub-total		
Financial assets						
Morabaha finances	10 to 24	12,035,080	55,487	12,090,567	-	12,090,567
Long term investment		-	10,025,000	10,025,000	17,520,169	27,545,169
Long term deposits		-	-	-	3,156,465	3,156,465
Short-term investments		-	-	-	5,503,618	5,503,618
Net investment in Ijarah	10 to 24	22,434,510	7,345,191	29,779,701	-	29,779,701
Advances, deposits and other receivables		-	-	-	30,725,869	30,725,869
Bank balances	3.09 to 9.52	72,182,524	-	72,182,524	95,495	72,278,019
	<i>Rupees</i>	<u>106,652,114</u>	<u>17,425,678</u>	<u>124,077,792</u>	<u>57,001,616</u>	<u>181,079,408</u>
Financial liabilities						
Security deposits		-	-	-	27,902,712	27,902,712
Creditors, accrued and other liabilities		-	-	-	16,640,619	16,640,619
Liability against Ijarah	12.13	6,495,229	12,408,670	18,903,899	-	18,903,899
Unclaimed profit distribution		-	-	-	6,329,148	6,329,148
	<i>Rupees</i>	<u>6,495,229</u>	<u>12,408,670</u>	<u>18,903,899</u>	<u>50,872,479</u>	<u>69,776,378</u>
On-balance sheet gap 2008 (a)	<i>Rupees</i>	<u>100,156,885</u>	<u>5,017,008</u>	<u>105,173,893</u>	<u>6,129,137</u>	<u>111,303,030</u>

(a) On-balance sheet gap represents the net of on-balance sheet financial assets and financial liabilities.

	Mark-up / profit rate %	2007			Non-mark-up / profit bearing	Total
		Mark-up / profit bearing maturity after				
		Maturity up to one year	One year up to five years	Sub-total		
Financial assets						
Morabaha finances	10 to 24	79,175,044	510,344	79,685,388	-	79,685,388
Long term investment		-	-	-	17,520,169	17,520,169
Long term deposits		-	-	-	3,156,465	3,156,465
Short-term investments		-	-	-	5,036,711	5,036,711
Net investment in Ijarah	10 to 24	34,519,737	33,282,508	67,802,245	-	67,802,245
Advances, deposits and other receivables		-	-	-	17,468,412	17,468,412
Bank balances	1.35 to 4.31	43,868,402	-	43,868,402	1,169,630	45,038,032
	<i>Rupees</i>	<u>157,563,183</u>	<u>33,792,852</u>	<u>191,356,035</u>	<u>44,351,387</u>	<u>235,707,422</u>
Financial liabilities						
Security deposits		-	-	-	33,953,539	33,953,539
Creditors, accrued and other liabilities		-	-	-	13,688,086	13,688,086
Liability against Ijarah	12.13	5,243,087	18,851,907	24,094,994	-	24,094,994
Unclaimed profit distribution		-	-	-	6,359,364	6,359,364
	<i>Rupees</i>	<u>5,243,087</u>	<u>18,851,907</u>	<u>24,094,994</u>	<u>54,000,989</u>	<u>78,095,983</u>
On-balance sheet gap 2007 (a)	<i>Rupees</i>	<u>152,320,096</u>	<u>14,940,945</u>	<u>167,261,041</u>	<u>(9,649,602)</u>	<u>157,611,439</u>

31.2 Fair values of financial assets and liabilities

In the opinion of the Management, fair values of other financial assets and liabilities, other than those which are short term in nature, cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and reliable data regarding market rates for similar instruments. The Modaraba's short term financial instruments are expected to be settled in short term, hence their carrying amount is not considered to be materially different from their fair values.

31.3 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. To guard against this risk the Modaraba's assets are managed with liquidity in mind, maintaining a balance of financial assets. The maturity profile is monitored to ensure that adequate liquidity is maintained.

31.4 Market risk

The Modaraba recognises market risk as the exposure created by the potential changes in market prices and rates. The Modaraba manages this risk through continuous monitoring of the market prices, market mark-up / profit rates and its mark-up / profit rate sensitivity position.

31.5 Capital risk management

The Modaraba's objective when managing capital is to safe guard the Modaraba's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders' and benefits of other stake holders and to maintain a strong capital based to support the sustained development of its businesses.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of dividend paid to certificate holders or issue new certificates.

32. CREDIT RISK AND CONCENTRATION OF CREDIT

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Modaraba performance to developments affecting a particular industry or geographic location.

At 30 June 2008, financial assets of Rs. 153.530 million were exposed to credit risk (2007: Rs. 218.182 million). The Modaraba seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. Concentration of credit risk on Ijarah receivables and morabaha financing with parties are indicated in the following table by the percentage of total balance receivable from these parties in the specified industries / sectors.

Modaraba Al-Mali

Industry sector	2008		2007	
	(Rupees)	%	(Rupees)	%
Financial Institutions	19,475	0.05	107,547	0.07
Energy, Oil and Gas	873,073	2.09	-	-
Distributors, Wholesalers and Retailers	160,163	0.38	27,188,907	18.43
Food, Tobacco and Beverages	5,421,273	12.95	17,717,458	12.01
Chemical, Fertilizer and Pharama	358,816	0.86	1,193,043	0.81
Textile and Garments	3,443,084	8.22	6,853,794	4.65
Paper and Board	-	-	5,130,067	3.48
Steel, Engineering and Autos	101,671	0.24	430,250	0.29
Construction	-	-	7,776	0.01
Health Care	5,538,190	13.23	7,756,977	5.26
Media and Showbiz	701,038	1.67	-	-
Transport and Communication	7,016,718	16.76	2,610,317	1.77
Glass, Ceramics and Plastics	182,785	0.44	1,120,333	0.76
Individuals	18,053,979	43.12	77,371,164	52.46
	41,870,268	100.00	147,487,633	100.00

32.1 Break-up of the above exposure is as follows:

	2008	2007
Net investment in Ijarah finance	29,779,701	67,802,245
Morabaha finances	12,090,567	79,685,388
	<i>Rupees</i> 41,870,268	147,487,633

33. INFORMATION ABOUT BUSINESS SEGMENTS

2008	Investment in shares	Ijarah & Morabaha	Operating Lease of Mobile Tower	Consolidated
REVENUE	<i>Rupees</i> 110,484	12,461,330	24,048,033	36,619,847
RESULT				
Segment result	110,484	(3,693,856)	822,353	(2,761,019)
Other income	-	-	-	8,881,809
Share of loss of an associate	-	-	-	-
Modaraba company's management fee	-	-	-	-
Profit for the year			<i>Rupees</i>	6,120,790
OTHER INFORMATION				
Capital expenditure	-	1,981,407	892,896	2,874,303
Depreciation and amortisation	-	2,558,270	7,318,697	9,876,967
Non cash income	-	(2,217,770)	-	(2,217,770)
ASSETS AND LIABILITIES				
Segment assets	43,052,688	42,151,733	66,013,639	151,218,060
Unallocated corporate assets	-	-	-	157,938,010
Consolidated total assets			<i>Rupees</i>	309,156,070
Segment liabilities	-	27,445,065	31,116,792	58,561,857
Unallocated corporate liabilities	-	-	-	11,214,521
Consolidated total liabilities			<i>Rupees</i>	69,776,378

2007		Investment in shares	Ijarah & Morabaha	Operating Lease of Mobile Tower	Consolidated
REVENUE	<i>Rupees</i>	<u>1,083,967</u>	<u>28,016,832</u>	<u>28,740,681</u>	<u>57,841,480</u>
RESULT					
Segment result		1,083,967	(19,334,735)	4,907,493	(13,343,275)
Other income		-	-	-	2,048,138
Share of loss of an associate		-	-	-	(432,185)
Modaraba company's management fee		-	-	-	-
Loss for the year				<i>Rupees</i>	<u>(11,727,322)</u>
OTHER INFORMATION					
Capital expenditure		-	5,009,490	4,920,733	9,930,223
Depreciation and amortisation		-	2,699,502	6,621,792	9,321,294
Non cash expenses		-	19,023,069	-	19,023,069
ASSETS AND LIABILITIES					
Segment assets		22,556,880	146,532,930	71,423,301	240,513,111
Unallocated corporate assets		-	-	-	70,349,867
Consolidated total assets				<i>Rupees</i>	<u>310,862,978</u>
Segment liabilities		-	26,606,880	39,695,352	66,302,232
Unallocated corporate liabilities		-	-	-	11,793,751
Consolidated total liabilities				<i>Rupees</i>	<u>78,095,983</u>

33.1 The above mentioned segments do not necessarily match with the organisational structure of the Modaraba.

34. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the management company have approved dividend at the rate of Re. 0.25 per certificate for the year ended 30 June 2008 (2007: Nil), resulting in a total distribution of profit amounting to Rs. 4.61 million, in their meeting held on August 28, 2008 which is more than 90% of the net profit for the year ended 30 June 2008.

These financial statements do not reflect this proposed issue of dividend, in compliance with circular no. 6/2006 dated June 19 2006 of Institute of Chartered Accountant of Pakistan (which will be recognised in the next period's financial statements).

35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the board of directors of the Management Company on August 28, 2008.

Chief Executive
BankIslami Modaraba Investments Limited
(Formerly JS Finance Limited)
Modaraba Management Company

Director
BankIslami Modaraba Investments Limited
(Formerly JS Finance Limited)
Modaraba Management Company

Chairman
BankIslami Modaraba Investments Limited
(Formerly JS Finance Limited)
Modaraba Management Company

PATTEN OF CERTIFICATE HOLDING
AS AT JUNE 30, 2008

Number of Certificate Holders	Certificate Holding		Total Certificate Held	Percentage %
	From	To		
2158	1	100	47,522	0.26
791	101	500	216,287	1.17
350	501	1000	275,947	1.50
593	1001	5000	1,361,844	7.39
162	5001	10000	1,212,151	6.58
55	10001	15000	691,046	3.75
22	15001	20000	381,333	2.07
16	20001	25000	367,647	2.00
21	25001	30000	582,253	3.16
9	30001	35000	296,177	1.61
5	35001	40000	189,443	1.03
9	40001	45000	385,425	2.09
7	45001	50000	339,283	1.84
5	50001	55000	265,065	1.44
3	55001	60000	170,586	0.93
5	60001	65000	315,122	1.71
2	65001	70000	137,500	0.75
3	70001	75000	221,338	1.20
1	80001	85000	83,324	0.45
1	85001	90000	85,500	0.46
1	90001	95000	92,000	0.50
3	95001	100000	292,564	1.59
2	100001	105000	207,047	1.12
1	105001	110000	110,000	0.60
1	110001	115000	114,660	0.62
5	120001	125000	611,864	3.32
1	125001	130000	128,772	0.70
1	140001	145000	144,310	0.78
1	145001	150000	148,652	0.81
1	150001	155000	151,000	0.82
1	155001	160000	158,500	0.86
1	165001	170000	166,000	0.90
2	175001	180000	350,529	1.90
2	195001	200000	397,282	2.16
1	210001	215000	212,500	1.15
1	215001	220000	215,500	1.17
1	250001	255000	250,500	1.36
1	265001	270000	265,500	1.44
1	290001	295000	294,800	1.60
1	315001	320000	316,500	1.72
1	375001	380000	379,500	2.06
1	395001	400000	400,000	2.17
1	410001	415000	410,486	2.23
1	450001	455000	455,000	2.47
1	485001	490000	489,581	2.66
1	770001	775000	772,460	4.19
1	1420001	1425000	1,421,250	7.71
1	1840001	1845000	1,842,395	10.00
4255			18,423,945	100.00

CATEGORIES OF CERTIFICATE HOLDING
AS AT JUNE 30, 2008

Categories of Certificate Holders	Number	Certificate Held	Percentage %
Associated Companies, undertakings and related parties			
BankIslami Modaraba Investments Ltd. (formerly JS Finance Ltd.)	1	2,039,990	11.07
Sub Total	1	2,039,990	11.07
N.I.T. & I.C.P.			
Investment Corporation of Pakistan	2	794	0.00
National Bank of Pakistan Trustee Department	3	293,056	1.59
IDBP (ICP Unit)	1	498	0.00
Sub Total	6	294,348	1.60
Public Sector Company & Corporation			
Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modaraba's and Mutual Funds	22	2,034,819	11.04
Joint Stock Companies & Others	65	1,311,257	7.12
Individuals	4161	12,743,531	69.17
Sub Total	4248	16,089,607	87.33
Total	4255	18,423,945	100.00

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the 9th Annual Review Meeting of certificate holders of Modaraba Al-Mali will be held on Thursday the 16th October, 2008 at 10 a.m. at Pakistan American Culture Centre (PACC), 11 Fatima Jinnah Road, Karachi to review the performance of the Modaraba for the year ended June 30, 2008 in terms of clause 20 of the Prudential Regulations for Modaraba issued vide Circular number 4/2004 by Registrar Modaraba Companies and Modarabas.

Date: August 28, 2008

Syed Ahmed Asim
Company Secretary

Note:

1. The Modaraba Certificate transfer book shall remain closed from Thursday the October 09, 2008 to Thursday the October 16, 2008 (both days inclusive) to determine the names of Certificate Holders entitled to attend the Annual Review Meeting. Transfers received in order at the registrar's office of the Modaraba up to the close of the business on Monday the October 08, 2008 will be treated in time for the entitlement to attend Annual Review Meeting.
2. The certificate holders are advised to notify to the registrar of Modaraba Al-Mali, any change in their addresses.
3. CDC certificate holders desiring to attend the meeting are requested to bring their original NIC, Account, and Participant's ID number, for identification purpose.